

THE TIMES Tomorrow

Political message Spectrum talks to Hugh Thomas (below), Mrs Thatcher's policy adviser, whose new novel about eighteenth century Cuba has an historian's message for the politicians of today



Iowa votes
The American political scene frequently mystifies the British. Nicholas Ashford explains the Iowa caucus Festival Hall
Take your cue: Bernard Levin joins Caliban at the Royal Festival Hall
Milk Cup
Stuart Jones previews the Milk Cup semi-final between Aston Villa and Everton
Schools revolt
Richard North reports on a parental revolt against traditional school education

Inquiry on prescribing of drugs

An inquiry is to be held on the confirmed prescribing of four withdrawn drugs, which have been linked with 29 deaths, Mr Kenneth Clarke, Minister for Health, announced. **Page 3**
Leading article, **page 13**

Mountains claim eighth victim

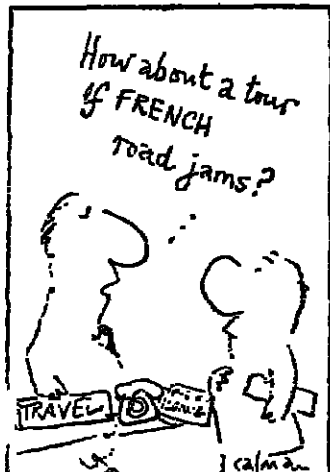
A body was found in Glencoe, bringing the death toll in British mountain regions to eight in three days. But five students, reported missing on Sunday night, returned safely from Ben Nevis.

Economy boost

Economic output grew at just over 2 per cent last year, according to Treasury estimates. **Page 17**

Maputo pact

South Africa and Mozambique plan to sign a joint security agreement after talks in Maputo. **Page 6**



Derby blow

Derby County, drawn against Plymouth Argyle in the FA Cup sixth round, face expulsion from the competition unless they pay Norwich City £4,000 by the weekend. **Page 30**

Woods called up

Chris Woods, of Norwich is England's second choice goalkeeper for the international in France next week. **Page 30**

Leader page 13
Letters: On Nato, from Lord Mayhew; Police Bill, from Mr Paul Sieghart; Oman contract, from Lord Abernethy, and Mr H J Spencer-Palmer.
Leading articles: Liverpool's local government problems; Perez de Cuellar in Warsaw; Drugs and the NHS.
Features, **pages 10-12**
Sharon stands by his war; El Salvador's election choice; Roger Scruton on our stately mausoleums; Spectrum: the thoughts of Prince Philip; Fashion Page: leather on wheels.
Obituaries, **page 14**
Canon David Watson, Dr C. J. C. Britton.
Computer Horizons, **pages 25-29**
There are 10 days left to enter The Times National Computer Challenge

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Trafalgar threat to withdraw Scott Lithgow bid

By Kenneth Fleet

The fate of the Scott Lithgow shipyard on the Lower Clyde could be sealed on Friday when the board of Britoil meets to consider whether it wishes its £88m semi-submersible drilling rig to be completed and, if so, where.

Trafalgar House, the only company so far to make a firm offer to buy Scott Lithgow from British Shipbuilders, is almost certain to withdraw if Britoil either postpones a decision or makes it clear that the work will be taken away from the shipyard.

Trafalgar House believes that the alternative to its involvement is closure, a view shared by others who do not have the same commercial interest in Scott Lithgow's future.

Trafalgar's agreement to take Scott Lithgow out of the public sector is conditional on Britoil's renegotiating the rig-contract with British Shipbuilders.

Trafalgar is seeking to prove to Britoil that it has both the management capability and the technical resources, in alliance with Gotaverken Arendal, the Swedish company, to complete the contract. In Trafalgar's view, completion will be possible by March 1986, the critical date for Britoil, if the transfer of Scott Lithgow is made without further delay.

Britoil has given the impression that it would prefer more time. The Government,

with three departments closely concerned with the outcome - the Department of Trade and Industry, the Department of Energy and the Scottish Office - also appears to be shifting its ground and leaning toward procrastination.

The Labour Party, while barely concealing its dismay at the failure of a nationalized industry, is recoiling to privatization, it supports the efforts of the shipbuilding unions to have Scott Lithgow auctioned to the bidder who promises most jobs.

This is assumed to be Howard Doris, the Anglo-French group, which already has a good record of rig building. Howard Doris, however, is nowhere near a position from which it could mount a bid, and it is doubtful whether it has the financial resources to sustain Scott-Lithgow.

The third company to have indicated an interest is the American, Bechtel, which has an outstanding record in project engineering.

Trafalgar now finds itself caught in several crosscurrents. They include not only Scottish nationalism and inter-governmental department squabbling, but also pressures on Scott Lithgow by Clydeside trade unionists and political ripples from stories linking Mr Mark Thatcher, the Prime Minister's son, and Comenation, the Trafalgar House subsidiary,

awarded a £300m contract in Oman.

Trafalgar House, headed by Mr Nigel Bloakes, submitted its offer to take over Scott Lithgow at the invitation of Mr Graham Day, the chairman of British Shipbuilders. The only stipulation was that the terms should be "better than closure" of the yard. There was to be no competitive auction and Trafalgar had every reason to believe that its offer would be accepted.

Trafalgar makes no secret of its belief that taking over Scott Lithgow would be a good deal, provided it made a success of the yard. It senses, however, that the Prime Minister and some members of the Cabinet now consider it politic to distance themselves from Trafalgar House by opening Scott Lithgow to "competitive bidding".

Whatever the political and nationalist overtones, the critical issue is whether the United Kingdom will continue to have the capability of constructing the new generation of drilling rigs needed in the North Sea and elsewhere.

The scenario being played in and around Scott Lithgow has convinced many overseas oil companies, as well as British, that the industry is determined on a course of self-destruction. Sun Oil has already informed the Government that a contract worth £125m will now be placed in Sweden.

Americans buy out Aston cars

By Jonathan Clare

Aston Martin Lagonda, one of the greatest names in British motoring, is now entirely controlled by US interests.

The Americans took over AML last week after a deal between the company's joint owners, Automotive Investments of the US and British-owned CH Industrials.

The US company bought out CH Industrials' 45 per cent share for £833,500. Yesterday Mr Tim Hearley, CH Industrials' chairman, said: "I do not feel guilty but I do feel sad that Aston is no longer British, but perhaps it will return to British ownership one day".

Aston Martin Lagonda, which numbers the Prince of Wales among its customers, produces four cars a week at its Newport Pagnell works. Its cheapest model is the Aston Martin V8, at £40,000. Top of the range is the Aston Martin Lagonda at £59,500.

Only six months ago the company was all-British but Pace Petroleum, then joint owner with CH Industrials, was forced to sell up giving AI a 55 per cent stake. That deal also gave AI an option to buy out CH Industrials' shares within three years.

Mr Hearley said yesterday that the surprise news that AI had taken full control more quickly than expected was because the partnership had broken down and not because the Americans had exercised their option early.

AML needs a new model to replace the standard car though the Aston Martin Lagonda has several years' life left. Mr Hearley said the Americans, who are backed by Greek shipping interests, had given no indication of their plans for a new car which had aggravated the problems of the partnership.

Mr Bert emerged, saying that it was even thought in Beirut that President Assad has forbidden an invasion of the eastern, Christian sector, of the capital by Muslim militias. But the fact that such an important conference should be held in Damascus yesterday - it lasted six hours - means that Syria believes the critical moment has arrived when the military victory of its Lebanese allies can be translated into political success.

It was significant that Lieutenant-General Hikmat Chehab, the Army Chief of Staff, and Major Ali Douba, the head of Syrian military intelligence, were at the meeting. Sources in Damascus even said later that Mr Abur Saleh, the rebel Palestinian leader whose forces defeated those of Mr Yasser Arafat in Lebanon last year, attended the last hour of the conference.

President Brezhnev was similarly downgraded after his death by Mr Andropov, but did not become a "non-person" as Khrushchev did after 1964.

Damascus ponders Gemayel's fate

From Robert Fisk, Beirut

As more than 1,000 Israeli troops abandoned Beirut yesterday, leaving President Gemayel ever more forlorn in the palace above his divided capital, opposition leaders sat down in Damascus with the Syrian Foreign Minister, Mr Abdul Halim Khaddam, and Senior Army officers - including the head of military intelligence - to decide the fate of the Gemayel Regime.

For the first time, Mr Nabih Berri, the Shia Muslim Amal militia leader, claimed after the meeting that he like Mr Walid Jumblatt, the Druze chief - was insisting on Mr Gemayel's resignation, although the Syrians studiously refrained from such a demand.

It seems, it is still prepared to tolerate Mr Gemayel as President and is maintaining its ruthlessly consistent demand that he abdicate the unofficial pace treaty between Lebanon and Israel without pre-conditions.

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Yesterday's man: Leonid Brezhnev portraits, like this one erected last November, are now rare.

The Soviet press as taken to referring to the Central Committee plenum which elected Mr Brezhnev on February 13 as the basis of Soviet policy. It also cites the December plenum - at which Mr Andropov did not appear - but almost ignores the meetings of November, 1982 and June, 1983, which laid down the basis of the Andropov reforms.



All smiles: Mr Tony Benn enjoying his leaders support yesterday when he and Mr Kinnock met voters in the Chesterfield by-election campaign.

Concern at report of ship faults

By Julian Haviland

Political Editor

Members of the Commons Select Committee on Defence, which is carrying out an inquiry into equipment performance and failures during the Falklands campaign, yesterday expressed concern at a report in *The Times* that faulty cables have been repeatedly supplied to ships built for the Royal Navy.

Members of the committee are expected to raise the report when they meet tomorrow to take further evidence. Their doubts about the quality of naval design have already been roused by what they have heard of the seaworthiness of frigates operating in the South Atlantic.

Representatives of the Navy have been asked to give further evidence next month about warship construction and design, with the flammability and general suitability of cables a particular area of anxiety.

Mr Norman Godman, Labour MP for Greenock and Port Glasgow, is pressing the Ministry of Defence about defective cables which were supplied to defence department specifications, to the Scott Lithgow shipyard in his constituency.

Mr Godman believes that the yard, which is to be sold by British Shipbuilders, has been blamed unjustly for costly delays in the building of a number of submarines in the mid-1970s.

He is also angry that the yard is again being blamed for a similar delay to the £90m seabed operations vessel *Challenger*, which after completion for the Royal Navy is now also having sub-standard cables replaced.

Mr Godman, who is disturbed by the wider implications of this sequence of mishaps, yesterday tabled Commons questions to Mr Michael Heseltine, Secretary of State for Defence.

He is asking how many vessels built for the Royal Navy have had to be redesigned or re-equipped as a result of faulty design or specification for which the Ministry of Defence was responsible, or because of faulty equipment supplied by outside contractors.

Kinnock vision of rebuilt EEC

By Philip Webster, Political Reporter

Mr Neil Kinnock, in an important development of the Labour Party's policy on Europe, called yesterday for a transformation of the European Community on completely new principles.

The Labour leader was taking another big step away from the party's manifesto commitment at the general election to withdraw from the EEC, and making the objective of changing the Community a positive reason for the party to take a full part in the June elections to the European Parliament, for which the political parties are about to begin their campaigns.

The elections are regarded as of the highest importance by the Labour leadership, because it believes they will be seen as the electorate's verdict on the first year of Mrs Margaret Thatcher's second term, but they have also posed a dilemma because of Labour's withdrawal commitment.

Yesterday, however, calling for a new deal for Europe in the *New Socialist* magazine, Mr Kinnock said: "It is precisely because the EEC agenda is the wrong agenda for Europe that we must fight the Euro-elections in June alongside our socialist colleagues in other member states."

"We can only play a full part in reshaping Europe's future if we do."

Mr Kinnock's main proposal was a new conference, along the

lines of that at Messina which led to the formation of the EEC, to lay the foundations for a "genuine community of Europe, freed from the market economy philosophy of the Rome Treaty or directives from a Brussels bureaucracy."

He said: "We need to take an overview both of the limits of the present Community framework and of the scope for a wider, more genuine form of European cooperation. We need a new start - a return to the drawing board of demands made by the parties and people of Europe itself."

Mr Kinnock said that the "new-Messina" would have to decide whether to reject, revise or rewrite the Treaty of Rome, whether all European parties should be invited to send representatives to a new Assembly of Europe, and whether all European governments, including those not now in the EEC, should join a European Council to set its own agenda on issues raised by its own peoples and parliaments.

He called for European socialist parties and governments to unite behind policies of joint economic recovery.

Mr Kinnock said that Britain's future lay with Europe, but for socialists it would be with the EEC only if it was transformed to measure up to their wider vision of Europe's future.

Nuclear pledge, **page 2**

Argentina opens way for talks

A spokesman for President Raul Alfonsín said yesterday that Argentina has proposed a return to the situation existing before the 1982 Falklands war in its reply last Thursday to a series of British ideas for restoring relations.

He said that the idea of returning to pre-war relations was one among several ideas "We have received some ideas from Great Britain and added some of our own", he said. "Now we are waiting for the British reply."

Sovereignty issue, **page 5**

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Kinnock in Chesterfield endorses Benn's non-nuclear policies

From Anthony Bevins, Political Correspondent, Chesterfield

Mr Neil Kinnock, leader of the Labour Party, yesterday endorsed the non-nuclear defence policies of Mr Tony Benn, the Labour candidate in the Chesterfield by-election.

He publicly confirmed that he would never order the launch of any nuclear weapon, even in retaliation against nuclear attack, and he said for the first time in public that he would get rid of British nuclear weapons as soon as they could be dismantled.

But he put himself on a direct collision course with Mr Denis Healey, who is due to visit Chesterfield next Monday, Mr Roy Hattersley, deputy leader, by saying that all American nuclear weapons would be barred from British Territory.

He said: "The policy of the Labour Party is that we do not have anybody else's nuclear bases in our waters or on our soil. I support that policy."

Mr Healey and Mr Hattersley are both acutely concerned that

Britain should not duck out of the risks which go with protection by the American nuclear commitment to Nato.

Asked by *The Times* whether he would get rid of Polaris or Trident as quickly as it took to dismantle the weapons systems, Mr Kinnock said yesterday: "That is the progress."

He said: "The election of a Labour Government, with me as the Prime Minister, means that we will not be engaging in first use and we will not commit the act of suicide, of retaliation."

Earlier, the Labour leader had arrived by train at Chesterfield to be greeted by massed ranks of television and newspaper journalists, but no candidate.

He then addressed a press conference in support of Mr Benn, again marked by the absence of the candidate.

But Mr Kinnock emphasized: "On all the essential areas of policy, I don't think there is any disagreement between us."

The day's Conservative press

conference was marked by an attack on Mr Benn from Mr Kenneth Clarke, Minister for Health, who said: "Mr Benn is a fading political figure, who probably causes more concern to his friends than his enemies."

Mr Nicholas Bourne, the Conservative candidate, said that he had seen about 15 supporters of Militant Tendency in the constituency over the weekend, selling their newspapers, and this was used as evidence of "the reds" being "on parade" in support of Mr Benn.

Mr Max Payne, the Alliance candidate, also made use of the Militant factor. He said that although the Militant presence in support of Mr Benn would help the Alliance, he would have been happier if Labour had remained a moderate party.

Mr Kinnock commented later: "The Militant Tendency is a shaving, a splinter, a matter of small significance in terms of the issues in this election."



Firemen working in the wreckage of a semi-detached house in Stanley Park, Litherland, Liverpool, destroyed by an explosion yesterday. Mr Raymond Gore, aged 31, and his wife, Pamela, aged 27, were seriously injured by the blast, which is believed to have been caused by a gas leak. Two people living nearby were treated for cuts.

Liverpool rebels put case to Labour

By a Staff Reporter

The left-wing Labour leaders of Liverpool City Council, seeking the national support of the Labour movement in their impending confrontation with the Government over spending, yesterday met Mr Jack Straw, Opposition environment spokesman.

After a fact-finding tour of the city, Mr Straw said: "I sympathize with the stance adopted by the City Council but I am here only to seek information. The question of whether to support Liverpool is a matter for the Parliamentary Labour Party and the National Executive."

The council meets on March 29 to decide whether to cut services and make as many as 5,000 employees redundant, increase the rates - perhaps by as much as 200 per cent - or defy the law by approving a budget for 1984-85 which does not balance.

A delegation of councillors will meet Mr Patrick Jenkin, Secretary of State for the Environment, tomorrow.

It is estimated that the council could go £30m over-budget, precipitating a crisis in the autumn when the money runs out and the city cannot pay its 30,000 employees. Labour group members have been told that they could be personally sanctioned, and made bankrupt and there has been speculation that the Government could send in troops to run essential services.

But at least four Labour councillors are known to be reluctant to support the illegal budget. Labour has a majority of three on the council.

Mr Straw, who had two hours of talks with councillors and local Labour MPs, refused to say whether he would recommend national support, but he said: "The problems facing the City Council are not of their own making but have been inherited from the irresponsible, penny-pinching former Liberal-Tory administration. They need more money not government penalties."

Undoubtedly the financial problems facing Liverpool are the most serious in the country and combined with special deprivation and unemployment, produce a very special case."

County may sell £35m farmland

By Our Agriculture Correspondent

Somerset County Council meets today to decide whether to put more than 14,500 acres of farmland on the market. The land, bought after the First World War for £1m, now has an estimated value of about £35m.

Many county councils are substantial owners of agricultural land, much of it acquired between the wars with the aim of providing smallholdings for displaced industrial workers.

Although the councils are not under direct pressure to dispose of their holdings, some, like Cambridgeshire, Norfolk, Shropshire and North Yorkshire, have been tempted to do so to ease their financial difficulties.

The National Farmers' Union is opposed to such sales because they further decrease the already severely limited supply of farmland to let. It fears that the land will be bought by neighbouring farmers who will then sell the farmhouses to people looking for country homes.

One of the advantages of council-owned smallholdings is said to be that they offer young people the chance to get a foot on the farming ladder before moving on to acquire larger holdings. For that reason they were excluded from the 1976 Act which gave security of tenure for two generations.

In practice, however, many tenants elect to stay on their holdings for their working lifetime.

A report prepared for Somerset County Council by Savills, the land agents, recommends either that the land should be offered for purchase by the present tenants, or that the tenants should be offered inducements to surrender possession.

Overseas selling prices

Average 50c 20; Belgium 8 1/2 50; Canada 52 1/2 10; France 100; Germany 100; Holland 100; Ireland 100; Italy 100; Japan 100; Korea 100; Malaysia 100; Mexico 100; New Zealand 100; Norway 100; Portugal 100; Singapore 100; South Africa 100; Spain 100; Sweden 100; Switzerland 100; Taiwan 100; Thailand 100; United Kingdom 100; USA 100; West Germany 100; Yugoslavia 100.

Strike call to Scottish pits fails

By Ronald Faux

Scottish miners backed down from an indefinite strike in the Scottish coalfield yesterday. Mr Michael McGahey, the National Union of Mineworkers' Scottish president, admitted after a special conference in Edinburgh that the union had not won a majority in support of its call.

Instead, a strike will be called from today at Polmaise colliery, near Stirling, which the National Coal Board is seeking to close because of geological faults. The NUM was seeking strike action in support of the men at Polmaise and at Bogside, pit in Fife, which is also threatened with closure.

Miners waiting outside the meeting at an Edinburgh hotel were angry at the decision. Some turned on members of the press who were offered sanctuary behind the metal grille of a bar in the hotel. Police were called but no arrests were made.

It was a recalled meeting, and followed a week of lobbying by union officials at pitheads throughout Scotland. The size of the majority against the strike was not disclosed, but the Scottish NUM is to seek support from the national executive for its official strike at Polmaise and from the triple alliance of steel, rail and coal unions for action against imported coal.

Mr McGahey said he was disappointed that the 14,000 miners had decided not to support an indefinite strike. He accused the coal board of dirty tactics.

Parliamentary report, page 4

Crime victims' compensation to be doubled

By Peter Evans

Home Affairs Correspondent

The compensation magistrates can award to a victim of crime is to be doubled to a maximum of £2,000, Mr Leon Brittan, Home Secretary, announced yesterday.

The heaviest fines that can be imposed on juveniles are raised from £50 to £100 for those aged under 14, and from £200 to £400 for those aged from 14 to 17.

The changes are part of general increases foreseen in *The Times* yesterday to bring the penalties in line with the rise in the cost of living in the past seven years. The maximum fines on the new scale which magistrates may impose for virtually all offences are to be doubled, the highest to £2,000.

But the exceptional maxima in summary trials applying to unlicensed sex shops and sex cinemas will increase from £10,000 to £20,000.

Ulster peaceful and stable, Prior says

By Edward Townsend, Industrial Correspondent

Mr James Prior, Secretary of State for Northern Ireland, last night presented a new and glowing picture of Ulster's peace and stability. Violence, he said, was confined to distant areas - just "pinpricks on the map".

The situation in the province had improved immeasurably, he added. Acts of terrorism were sporadic and at their lowest level in 14 years. Northern Ireland's 1.5 million people lived in "civilized peace, little affected by any aspects of violence or social instability".

Mr Prior was speaking at a banquet in London organized by Northern Ireland businessmen on the eve of today's Institute of Directors annual convention at the Albert Hall. His remarks were clearly aimed at boosting the activities of the newly formed Northern Ireland Partnership, a grouping of industrial, commercial, professional and cultural interests to promote Ulster as a centre for investment.

The image of a country in the throes of civil war, bereft of important international investment and devoid of a modern

infrastructure was as outmoded as the horse and cart, he said.

Mr Prior listed some of the big United States, British and European companies that had invested in Northern Ireland which, he said, boasted industrial relations and productivity growth records that ranked with those of West Germany and Japan and beat the Americans convincingly.

There was a large pool of highly trained graduates, too many for local companies to absorb, while the work ethic of employees in Northern Ireland workplaces had not only survived intact throughout the troubles but had grown and been enhanced.

Mr Prior, a former Secretary of State for Employment, said: "I have never come across such a totally dedicated and motivated workforce in all my experience."

Three more Official Unionists broke the party's boycott of the Northern Ireland Assembly yesterday, highlighting the divisions within the party over the leadership's strategy (Richard Ford writes from Belfast).

Supergrass witnesses opposed

The first Northern Irish barrister to attack publicly the use of "supergrass" informers in no-jury courts yesterday spoke out as a member of a delegation that is meeting MPs and community groups in London this week.

Mr Philip McGee, who was a defence barrister in the trial of republicans accused by the informers, Christopher Black and Patrick McGirk, said he believed "the whole integrity of the adjudicatory process in Northern Ireland is being grossly undermined" and that "some innocent people have already been convicted".

At a press conference in London yesterday, Mrs Bernadette McAiliskis, formerly Miss Bernadette Devlin, also spoke out against the use of "supergrass" informers.

Mr McGee, who admits that he risks losing professional esteem by taking a public stance, was anxious to deny any political interest. He also dissociated himself from the title given to the visiting group of three republicans organizations, who are calling themselves the Anti-Perjury Joint Delegation. "Some of these informers are telling some of the truth some of the time - the problems is, you can't tell when," he said.

Irish rift widens on bugging

By Richard Ford

Belfast

Dr Garret Fitzgerald, the Irish Republic's Prime Minister, was under growing pressure last night to hold a full inquiry into the attempted "bugging" of a house used by Mr Seamus Mallon, the deputy leader of the Social Democratic and Labour Party (SDLP) when visiting Dublin from Ulster.

Mr Mallon and his close friend Mr Charles Haughey, leader of the Opposition in the Republic, demanded the inquiry after the coalition cabinet had spent several hours discussing the incident in which it was alleged that a microphone and transmitter were found in Mr Haughey's room at Mr Fitzgerald's residence.

Mr Haughey accused Dr Fitzgerald of making conflicting and inconsistent statements about the attempt to bug premises in Hovth three months ago and he cast doubts on claims that the Provisional IRA were behind the operation.

Mr Haughey, clearly savouring the embarrassment to the government, said no one had been told the basis of suggestions that the Provisional IRA had carried out the attempted bugging. He asked: "Would it not have been a great coup for them to have discovered that and to have saved Seamus Mallon from being listened into by a subversive organization?"

Distillers to cut 300 jobs

By Jeremy Warner

The Distillers Company is seeking a further 300 job losses at its subsidiaries and is extending this summer's "silent season" - the traditional holiday break - at its malt whisky distilleries from three months to four.

Following a series of rationalization moves by the company in the last year, the new measures provide further evidence of the transformation in management style that has begun to emerge at Distillers, and of the continued decline in world sales of Scotch whisky.

Sales to overseas markets have fallen relentlessly for four years, culminating in a 9 per cent slump in the industry's exports during 1983.

The group is closing its meat canning factory at Skelmersdale in Lancashire with the loss of 136 jobs. It is also seeking 170 voluntary redundancies at its Johnnie Walker bottling halls in Glasgow and Kilmarnock and is instigating short time working at bottling halls for Buchanan and White Horse whiskies.

The group is extending the period of closure for its malt distilleries over the summer months in a continued effort to reduce its stocks.

Dimbleby vote

BBC journalists, members of the National Union of Journalists, rejected a call from their union not to work with Mr David Dimbleby, the broadcaster, who is involved in a dispute involving NUJ members at his family newspaper group in west London.

Staff group formed by Yard officers

By Stewart Tessler, Crime Reporter

More than 50 of Scotland Yard's senior officers have formed themselves into a staff association to give themselves a voice within the Metropolitan Police and in the discussions on the restructuring of the force.

The association has been formed from the 56 commanders in the Metropolitan Police, who include the senior officers in London's 5 police districts and the heads of a number of large CID squads and departments at Scotland Yard.

The commanders, who earn £21,429 a year, rank above chief superintendents but below deputy assistant commissioners. The rank is unique to London and is represented in salary negotiations by the by the Association of Chief Police Officers.

The association has already held a meeting with Sir Kenneth Newman, the Commissioner. Commander David Meynell, the association's chairman, said: "It is very much an in house staff association. It is merely an arrangement where-

Stock control by laser

By Bill Johnstone, Technology Correspondent

British Telecom may soon supply shops with electronic terminals equipped with lasers, for instant stock control, if a survey proves positive.

The terminals are called electronic point of sale (Epos). Similar types of equipment are already being installed by many supermarket chains.

Cabinet farmers challenge Thatcher

From John Witherow

The Prime Minister is likely to face determined opposition within the Cabinet if she presses ahead with an examination of the privileges of farmers, which include exemption from value-added tax and rates.

Almost half the Cabinet has substantial holdings in agriculture and they are backed by a powerful lobby of Conservative MPs and farmers.

However, the balance has moved in Mrs Margaret Thatcher's favour since the 1979 election and the wedding of the "wet". One Cabinet minister commented soon after that election that he was all for reforming agricultural subsidies until he looked around the Cabinet table at the predominance of farming colleagues.

The farmers' lobby has been weakened with the exodus of such gentlemen farmers as Lord Carrington, Mr Francis Pym, and Sir John Nott and their replacement by the mercantile and legal sector in the form of Mr Nigel Lawson, Mr Leon Brittan and Mr Norman Tebbit.

None the less, nine ministers still have substantial farm holdings out of the Cabinet of 21.

The best known is Mr James Prior, Secretary of State for Northern Ireland. He owns 380

acres in Suffolk and was reported last year to have contributed to the purchase of 3,438 acres in Hampshire.

The remainder are: Lord Whitelaw, Lord President of the Council and leader of the House of Lords, who breeds cattle on his 300 acres in Cumberland; Mr Peter Walker, the Secretary of State for Energy, who owns six acres at Droitwich, Hereford and Worcester, and a further 400 acres on the border between Wales and Shropshire;

Mr George Younger, the Secretary of State for Scotland, who describes himself as a former farmer but has a family estate of 1,000 acres near Stirling which breeds cattle;

Mr John Biffen, Lord Privy Seal and leader of the House of Commons, who has an unspecified amount of land near Shropshire where he produces Cheshire blue cheese;

Mr Tom King, the Secretary of State for Employment, who owns a small farm and woodlands;

Mr Peter Rees, Chief Secretary to the Treasury, who has woodland and hill land in Aberavenny;

Mr Michael Jopling, the Minister of Agriculture, Fisheries and Food, owns 500 acres near Thirsk, North Yorkshire.

Mr Michael Jopling, the Minister of Agriculture, Fisheries and Food, owns 500 acres near Thirsk, North Yorkshire.



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Growers and unions join to fight beer duty rise

By John Young, Agriculture Correspondent

English hop growers have found themselves in unexpected alliance with the trades unions in opposing the threatened increase in excise duties on beer.

Mr John Cannon, chairman of the Kent branch of the National Farmers' Union, estimates that the European Court ruling last July that the duties on wine and beer in Britain must be brought into line could add 7p to the price of a pint of beer.

The general expectation is that the increase in next month's Budget will be more like 2p a pint, but brewers are also raising their prices.

The Transport and General Workers' Union called yesterday on the Chancellor of the Exchequer to reject any increase in duty, because of the threat to jobs in the industry. The EEC ruling was "a clear example of blundering bureaucracy", it said.

World hop production expanded rapidly in the late 1970s because of buoyant demand, but in the last three years of recession, beer sales in Britain have fallen by an estimated 17 per cent, wiping out all the increase in the previous 10 years.

The four biggest hop producing countries are the United States (about 40,000 tonnes a year), West Germany (35,000 tonnes), Czechoslovakia (10,000 tonnes) and the United Kingdom (9,000 tonnes).

Until recently British supply and demand was roughly in balance with exports matching imports of non-native varieties required mainly for larger brewing. But because of the world surplus, cheap American hops have been flooding into this country, halving the spot market price from about £100 a zentner (50 kilograms) to about £50 since the beginning of the year.

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STOPS DIARRHOEA - FAST

PARLIAMENT February 20 1984

Inquiry into way suspect drugs are withdrawn

MEDICINES

The Department of Health and Social Security is to investigate whether arrangements for the withdrawal of drugs are satisfactory following reports in the *Daily Mail* that a doctor has prescribed drugs withdrawn from sale and that pharmacists had dispensed them, although others had referred the prescriptions back to the doctor concerned.

Mr Michael Meacher, chief Labour spokesman on health and social security, said in the Commons that they had been an extremely serious failure of Government regulations in that four drugs linked with 29 deaths were still being prescribed several months after being withdrawn.

Mr Kenneth Clarke, Minister for Health, in a statement in reply to a private notice question by Mr Meacher, outlined the circumstances in which the four drugs had been withdrawn in recent press reports had been withdrawn.

He said that the circumstances in which four drugs mentioned in recent press reports had been supplied were varied. In some cases they had been withdrawn by the manufacturers, even though the product licence had not been withdrawn. In other cases the licence had been withdrawn on the advice of the Committee on the Safety of Medicines.

In all cases there had been action to prevent further use of the drugs. Letters had been sent to doctors and suppliers informing them of the withdrawal. A few pharmacists, however, had retained stocks.

Doctors were, however, free to prescribe whatever treatment they

thought necessary in the interests of patients, even where the product did not have a product licence.

It was an important part of doctors' clinical judgment that they should be free to decide whether use of a drug outweighed the risks, for the good of the patient.

The Government's responsibility was to ensure that the professional people concerned were fully informed of the position and that the drugs were not freely available. He was concerned about the reports in the *Daily Mail* and proposed to investigate further whether existing arrangements were satisfactory and to get the advice of the Committee on Safety of Medicines.

Mr Meacher: Will he ensure that the inquiry will find precisely how widespread is the breakdown of controls, and consider whether the need for regular use of powers under the Medicines Act and why the monitoring system failed to pick up the need for the powers in these four cases.

Will the Minister take steps to ensure that both such instances will never be allowed to happen again?

Mr Clarke: It would not be right to make it absolutely illegal every time a doctor prescribes a drug which has been withdrawn. It is a serious anomaly, in that it is not illegal for a doctor to prescribe, or a pharmacist to dispense, a drug after its withdrawal has been called for by the Committee on Safety of Medicines.

Will the Minister take steps to amend the law as necessary to ensure that both such instances will never be allowed to happen again?

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After the Oprea withdrawal I was approached by a constituent, a doctor at a university hospital in my constituency, who was concerned to keep supplies because she had a patient suffering from psoriasis who was visibly deteriorating and the doctor was not able to get the drug to which

he was entitled. I am concerned that this is happening on slightly more than very rare occasions. Therefore I am having it looked at with the view of ensuring that the public has supplied and I am asking the Medicines Commission to look at it.

Mr John Knight (Birmingham, Edgbaston, C) expressed satisfaction that the Minister had at once announced that he was setting up an inquiry.

It is ludicrous that a committee of 20 highly paid and expert persons (he said) should spend time under duress in deciding what drugs are safe and what are not, even to the extent that they produce or refuse a product licence, and after all that machinery, doctors are still free to prescribe drugs which have been withdrawn.

Mr Clarke: The doctor in this case obviously knew what he was doing and was doing it in the interests of his patient. Each pharmacist had been

Clarke: It should be rare

the patient responded and she thought the clinical risk acceptable.

In the present case the doctor who prescribed was doing so in the public interest as a test case but he knew what he was doing and there could be legitimate reasons for small stocks being held by some pharmacists.

The majority of pharmacists approached were puzzled by the prescription and asked the patient to go back to the doctor. In only three cases out of 30 did the pharmacist dispense the drug with reluctance. What was done was legal.

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Mr Clarke: The doctor in this case obviously knew what he was doing and was doing it in the interests of his patient. Each pharmacist had been

Mawhinney: Legal action

written to and told that the drugs were being withdrawn from the market.

Every pharmacist could get reimbursement in full for stocks returned to the manufacturing firm but there could be legitimate reasons for small stocks being held by some pharmacists.

Having said that, what I am describing should be rare and exceptional circumstances where a doctor is free to prescribe drugs to an individual patient. Evidence suggests that more stocks than would have been expected are available and that is what we are looking into.

Dr Brian Mawhinney (Peterborough, C) will the Minister confirm that where a patient is prescribed, without his knowledge or agreement, one of these products for which a licence has been withdrawn for safety reasons, that patient will be free to take legal action against the manufacturer, the doctor or the pharmacist, if he subsequently develops the sort of symptoms and difficulties which it was suggested originally might follow administration of the drug.

Mr Clarke: The only option open to a patient to take legal action would be if the doctor was negligent in prescribing or the pharmacist in dispensing. If a doctor makes a clinical judgment that the benefits to the patient outweigh the risks, he is free to prescribe.

In a later reply he said that data sheets were regularly available on drugs and should be consulted by prescribing doctors.

Government resists proposals for telecommunication council

TELECOM BILL

A proposal to set up a telecommunications council to which disputes could be referred by the Director General of Telecommunications was put forward by Lord Bruce of Donington, speaking for the Opposition, when the committee stage of the Telecommunications Bill was resumed in the House of Lords.

Moving an amendment to this effect, he said the main purpose would be to create a council which would resolve disputes between licensed telecommunications operators and the director general. The proposal would provide a valuable forum for those within the industry, and those affected by it, to discuss and settle disputes.

Lord Lloyd of Kilgeran (I), supporting the amendment, said the creation of a consultative body of this kind would protect the impartiality and credibility of the Office of the Director General of Telecommunications.

Lord Taylor of Gryfe (SDP) said it was proposed that there should be two trade unions on the council. This would help the industrial relations side of the new organization.

Lord Morris (C) said the amendment would create a number of problems and create yet another body of government in the planning and administration of the country's telecommunications future.

The Government wanted to create a telecommunications council to deal with the problems and create yet another body of government in the planning and administration of the country's telecommunications future.

Lord Fraser of Kilmorack (C) said that watchdogs were usually found in a job or biting the hand that fed them.

Lord Cockfield, Chancellor of the Duchy of Lancaster, said the director general was to be put in as an independent person and most of his powers were vested in him. He was not answerable for his decision to the Secretary of State.

The Bill set out clearly what were the duties which bound the director general in the performance of his functions.

If the director general failed to carry out his duties he could be challenged in the courts. The fact that he could be challenged was an effective sanction and more effective than the appointment of a council which was given the power to consider disputes but no power to do anything about them.

He appreciated the general feeling on all sides of the House that a body should be appointed which in effect should act as guide, philosopher and friend to the director general. The right course was to build on another existing clause, which enabled the director to set up advisory bodies to assist him in his functions and obliged him to establish such bodies for England, Scotland, Wales and Northern Ireland, rather than to introduce a new concept into the Bill.

It was suggested that the advisory bodies should be appointed not by the director general but by the Secretary of State in order to emphasize their independence and underline the fact that they were there to help and advise the director general from an independent standpoint.

Secondly, it was suggested that the terms of reference of the advisory bodies should be extended to underline the fact that they were to be concerned with the interests of consumers as well as users generally.

The Government wanted to meet what it felt were genuine arguments but in a more effective way than that proposed in the amendment.

Lord Bruce said this was a substantial concession and the amendment was withdrawn.

During discussion of an amendment relating to licences, Lord Mackay of Clashfern, the Lord Advocate, said a statement on the use of leased circuits would be made at a later stage in the Bill's progress.

After prolonged protests that any such statement should be made immediately, Lord Bruce of Donington forced a division on a technical motion to suspend the committee stage. The motion was rejected by 109 votes to 93 - Government majority, 16. The original amendment was then withdrawn and the committee stage was continued.

Details were outlined by Lord Cockfield of arrangements which the Government proposed for parliamentary scrutiny and approval of licences for the main public telecommunications operators to be granted under the new privatized system.

Replying to an Opposition amendment calling for licences to be subject to approval by resolution of both Houses, Lord Cockfield, referring to the granting of licences to British Telecom, Hull, Mercury and the two cellular radio companies, said a way was being provided for Parliament to consider and if it wished to vote against the designation of an operator.

He proposed to table an amendment providing that before any order made under the clause relating to the licensing of public telecommunications systems entered into force, the text of the licence authorizing the running of the system to which the licence related should have been laid before both Houses.

If Parliament was not satisfied with the licence in the form it was made it could vote against the order designating BT or the other licensee concerned as a public telecommunications system.

If this happened the licensee would not be able to run its business and the Government would have to come back to the House with a new order.

The amendment was withdrawn.

Commentary

Geoffrey Smith

Should the British Government be prepared to open discussions with Argentina without an explicit agreement that sovereignty over the Falklands was not negotiable? This is now the critical question in the light of President Alfonsín's as yet unofficial response to British proposals. The question needs to be phrased precisely because it is different from asking whether Britain should now be willing to negotiate over sovereignty.

For the British Government to do that now would, to my mind, be a grave error. It is true that there is a new democratic regime in Argentina, and it is sometimes suggested either that the establishment of democracy there removes the principal objection to a compromise on sovereignty over the islands, or alternatively that Britain should be prepared to negotiate over sovereignty in order to strengthen the tender plan of Argentine democracy. These arguments contradict each other and both, I believe, are specious.

It is much too soon to assume that Argentine democracy, welcome though it is, will be lasting. For the Falklands to be placed, against their will, under ultimate Argentine control in the belief that military rule would never return to Buenos Aires would be naïvely irresponsible.

To believe, on the other hand, that it is necessary for Britain to negotiate on sovereignty in order to safeguard democracy in Argentina is to mistake the nature of Britain's responsibility and to exaggerate its influence.

But should this rule out any negotiation until Argentina has publicly accepted Britain's position? There are powerful arguments for saying that it should. It would be more honest, and it might be more prudent. It would avoid the danger of misunderstanding and allegations of bad faith later.

Widespread desire for talks

Yet one of the arts of diplomacy is not to cross bridges before it is necessary to do so. If Britain is not prepared to talk unless Argentina agrees specifically to exclude the subject of sovereignty, that will make it difficult to have any discussions at all.

"We cannot accept", Mr Dante Caputo, the Argentine Foreign Minister, is reported to have told a Buenos Aires newspaper on Sunday, "that the beginning of talks and negotiations on the Malvinas implies the tacit renunciation of the sovereignty claim". Nor is there any need for him to go quite so far as that.

It was not the Argentine claim to the Falklands that was an infringement of international law and an offence to civilized conduct between nations. It was the attempt to pressure Britain by violent means, Britain should not sit down with the representatives of any regime that continues to threaten the Falklands by force. But that is not President Alfonsín's position, even though he declines to make the diplomatic move of formally ending hostilities.

It must be in Britain's interest to find a means of opening negotiations on subjects other than sovereignty because there is a good deal that the British Government wants to discuss. It would be desirable to reopen commercial and diplomatic relations, to have a decent arrangement over Argentine war graves on the Falklands and to restore direct air links between London and Buenos Aires. Above all, life for the Falklanders would be made much easier if contact could be resumed between the islands and the South American mainland.

One of the advantages of opening talks on President Alfonsín's terms is that all these subjects would be on the agenda. So would some others, like the exclusion zone around the islands, that are of particular concern to him. But the principal Argentine interest - the sovereignty issue - would not be on the agenda. Britain would retain control of the Falklands, with its power undiminished and without any commitment to negotiate over their future at any time.

The opening of negotiations would have the added benefit of removing such international pressure as there is upon Britain over the Falklands. When I visited the United Nations last November, I concluded that there was a widespread desire for Britain and Argentina simply to reopen discussions with each other. I did not believe then, and I do not now, that a talk without commitment would be contrary to Britain's interest.

Safety net system would correct burdens

EEC BUDGET

The Government was determined to see the current negotiations over reform of the EEC budget and rebates to the United Kingdom reach successful conclusions. Mr Ian Stewart, Economic Secretary to the Treasury, said in the Commons. Where the budget was concerned, it must be a conclusion which recognized the Government's efforts, who paid for the Community as well as those who gained from it.

Mr Stewart, in initiating a debate on various documents associated with the EEC draft general budget for 1984, moved that the House supported the Government's efforts to secure budgetary procedures and control which were in the best interests of the UK and the Community.

He said that in 1983 EEC expenditure has continued to increase relentlessly. Agricultural guarantee expenditure had risen by 25 per cent to more than £9,000m. Britain therefore again faced the prospect of a heavy net contribution.

Against that background, the Prime Minister had obtained agreement to a refund for 1983 at the European summit in Stuttgart. The net figure agreed was £430m.

The Council of Ministers decided the refunds should be spent on energy, employment and transport measures in the UK, and that the refunds be entered "on the Budget line", allowing them to be paid as soon as the regulations were approved and that they be classified as obligatory expenditure so the Council and not the European Parliament should have the last say.

In adopting the Budget, however, the European Parliament had reclassified them as non-obligatory, thereby giving the Parliament the final say in their repayment.

For the bulk of the refunds to be paid before the end of March - and that was their firm aim - not only must the Council approve the necessary regulations and the EEC Commission propose a transfer of funds, but the transfer proposal must also be approved both by the Council and by the European Parliament.

The European Parliament had considered the regulations last week, but had declined to issue an opinion after some of its proposed amendments had been found unacceptable by the EEC Commission.

There is no doubt (he said) that these amendments would make it more difficult for the United Kingdom to receive the bulk of our funds by the end of March. The Parliament has also proposed that the refunds should only finance

projects initiated after January 1, 1983.

Again, this could only be regarded as a working amendment. There are simply not enough major new infrastructure projects to allow us to receive our refunds in full. Moreover, even those projects carried since January 1983 have relatively small expenditure implications in the first few years.

The obstacles faced in getting refunds through various expenditure programmes had confirmed the Government's view that the solution to the budget imbalance must be implemented not by expenditure but on the revenue side of the budget.

It was simply not realistic to expect that new expenditure could be implemented on the scale which would sufficiently cut Britain's net budget contributions.

We must therefore (he said) have an automatic arrangement like the "safety net" which we have proposed, designed to correct inequitable burdens on any net contributor. The solution must also be long-term. I hope no one in Europe is under any illusions about that.

The present system encouraged all member states to look at every policy primarily in terms of what they got out of it, rather than what

they paid towards it. But with proper agreement to ensure individual members were not placed in an unacceptable position overall, coupled with effective control of agricultural and other expenditure, this problem should diminish.

National governments could readily assess Community spending on individual projects. The Government's proposals were, therefore, not only in Britain's interests, but those of the Community.

The main reason why the EEC ceiling had reached the 1 per cent level was that spending had consistently risen faster than revenue.

Mr Stewart said that the Government's proposals were designed to correct inequitable burdens on any net contributor. The solution must also be long-term. I hope no one in Europe is under any illusions about that.

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Agriculture spending had risen to take nearly two-thirds of the whole budget in 1983 and if it had not risen the 1 per cent VAT ceiling, the 1984 guarantee provision would have been even higher. As it was, this year's farm price fixing exercise was for the first time being conducted against the main rule of the money was running out.

The CAP problem was not just financial. It made no sense to leave unrefunded a policy which resulted in increasing surpluses for which there was no market at economic prices. This experience reinforced the Government's conviction that a strict and effective financial guideline for agricultural expenditure must be established.

He had proposed that the rate of increase in CAP guarantee expenditure in any year should be lower than the increase in the EEC's budget overall.

Although all member states agreed in theory that agricultural spending should be contained, it involved difficult decisions for all and there had been no agreement so far on how it should be done. This was one of the key items on the agenda for the European Council in March.

The EEC faced momentous decisions in the next few weeks, but Britain's partners were coming to acknowledge the strength of the case which the Government had put forward.

Mr Robin Cook, chief Opposition spokesman on European and Community affairs (Livingston, Lab), moved an amendment urging the Government to withhold from the UK's contribution to the 1984 budget a sum equivalent to the unpaid rebate for 1983.

He said there was no better way of ensuring that revenue determined expenditure rather than the reverse than by putting the pressure for the increase in own resources.

No MP could be under any illusion that if more revenue were available they would, for instance, be witnessing even more expenditure on the farm price review this year.

If the Government was sincere in its desire to obtain reform of the CAP, there was one test of its sincerity before even the Brussels summit. That was what the Government was going to do in relation to the farm price review.

Although that review had its weaknesses, it was at least more realistic than anything they had seen yet.

I do hope (he said) the British Government will not only speak in support of the Commission's proposals, but that there will be no increase over and above those proposed by the Commission.

They were entering the year of the

1984 budget without any agreement on the rebate for the year and with no agreement even that there should be a rebate. They entered 1984 also without payment of the rebate for 1983.

If Britain was designated by the EEC as one of the less prosperous countries, it was the Community's duty to regard her as such. The EEC milk cow? The demand for a broad balance in expenditure was one of stunning moderation.

The Government assured MPs that the EEC was running out of money. So it might be prudent to avoid a situation in which Britain did not get her money because the money was not there.

The Government's strategy seemed to be to rely on the imminence of bankruptcy and the threat of the bailiffs to oblige the EEC to mend its ways and come to terms. So why should not Britain hasten to a large moment to reduce the money receipts to try to concentrate minds on the desired reforms?

The Government had hinted that it would stop at nothing to make sure it got a fair deal.

We have put to the test (he said) the Government's bluster and we find that it shrinks from matching bold action to its resolute rhetoric.

Mr Geoffrey Rippon (Hexham, C) said the biggest challenge to the Community lay in the industrial sector with the overriding need to deal with the rising level of unemployment. There had to be revitalization and modernization of European industry which was falling behind both the United States and Japan in every area of technology and innovation.

The European Parliament's best hope of exerting authority and influence would be for it to act reasonably and responsibly.

Mr Russell Johnston (Inverness, Nairn and Lochaber, L) said he hoped Mrs Thatcher would not, as rumoured, appoint two Conservatives as the new commissioners and that she did not appoint two people to advance British interests solely.

The appointments provided a good example of the importance of sustaining some kind of rational approach.

The European Parliament, at which a lot of fun was poked, was a great opportunity for politicians of all shades to meet and work together and understand each other.

Coal stays as it is for present

PRIVATIZATION

Mr Peter Walker, Secretary of State for Energy, said in the Commons that he had no plans now for privatizing the coal industry but that it was a matter to be considered in the longer term.

He said he would tell MPs of his conclusions when he had finished considering the scope for transfers of the private sector in the state-owned energy industries.

Mr Antony Marlow (Northampton North, C) asked: As the coal industry costs everyone in work nearly £1 a week, has Mr Walker any plans for privatizing the coal industry? If not, why not?

Mr Walker: Because I do not consider the coal industry at present is in a situation to consider privatization. The important thing is to see that one takes advantage of the massive investment taking place to produce an efficient, economic coal industry. That is what we are doing.

Mr Geoffrey Lofthouse (Pontefract and Castleford, Lab) When does he expect the sale of the Wylfa Farm oilfield to be completed? Does he support the British Gas Corporation's stand in refusing to sign and complete the arrangements abroad, thus denying the Government £3m in stamp duty?

Will he assure us that this particular sale and any other under him will be at full economic value? Is he aware of a letter sent by his predecessor advising the gas corporation to sell Wylfa Farm oilfield to the Dorset bidding group at less than the full economic value?

Mr Walker said he expected completion of the sale soon. He knew nothing of Mr Lofthouse's suggestion about any such objections by the gas board.

The tender had taken place. It was the group with the highest tender with whom the gas board had been negotiating.

Mr Timothy Bateson (Sussex, Mid, C) Will he ensure that by the next general election the domestic consumer has more than one choice from where to buy his electricity or gas?

Hundreds of houses in my constituency still do not have natural gas and there are no plans by the local gas board to make it available. Consumers would welcome competition.

Mr Walker said it was unlikely that individual domestic consumers anywhere in the world had two lots of gas and electricity available. He

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Fowler may cut civil servants in NHS

By Nicholas Timmins
Social Services Correspondent

Health ministers are considering reductions in the 2,500 Department of Health civil servants who run the National Health Service. It could be a step towards implementing the Griffiths report recommendations that more decisions should be devolved to regional and district health authorities.

Areas under review include building works, which Mr Norman Fowler, Secretary of State for Social Services, has admitted is one of the least satisfactory parts of the health service, with hospital building projects taking years to implement. An interim report is due shortly and some of the work may be privatized.

The personnel division is also under scrutiny. The department has found that the division takes 30,000 calls a year from the NHS, or about 200 a day. Many question individual officers' payments. The aim is to cut the vast volume of "traffic" between health authorities and the department.

Mr Roy Griffiths, deputy chairman and managing director of the Sainsbury supermarket chain, and a member of the new NHS Supervisory Board, is adamant that there are too many civil servants at the Department of Health and that the department interferes too much.



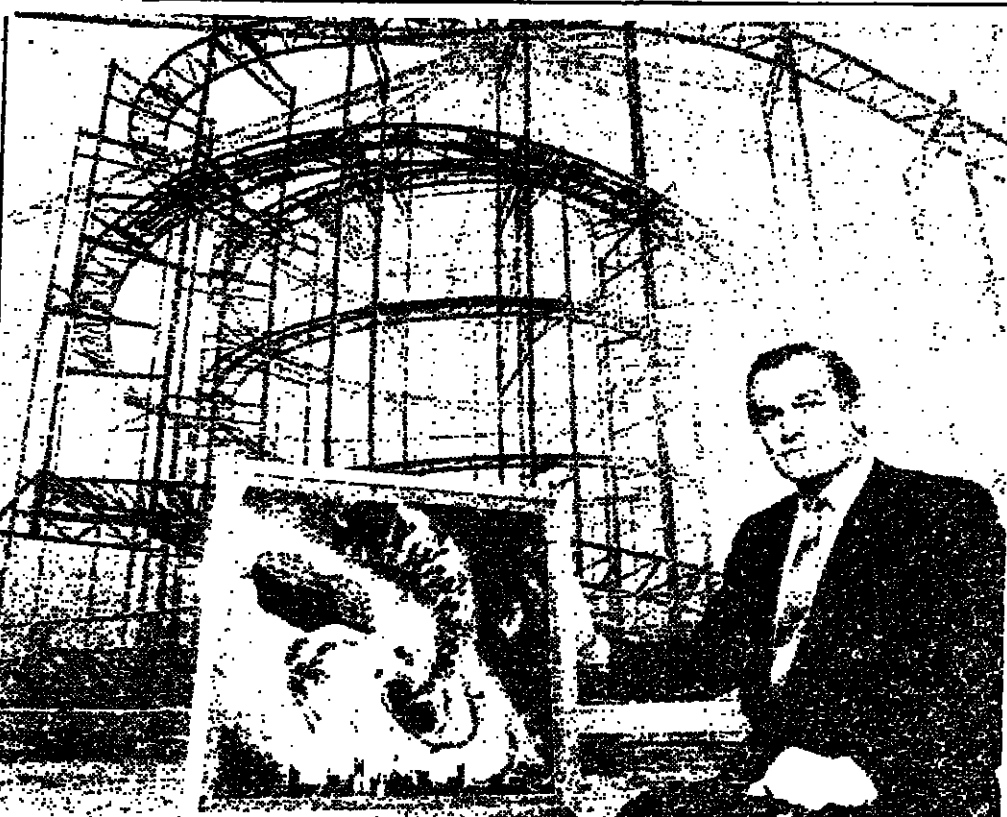
Sir Kenneth Newman

Yard chief 'top communicator'

Sir Kenneth Newman, Commissioner of the Metropolitan Police, was yesterday praised for "revolutionizing" the public relations policy of London's police.

Sir Kenneth, who has been at Scotland Yard since October 1982, was receiving the "Commendation of the Year" award from Princess Michael of Kent at the Savoy Hotel in London.

Mr Michael Montague, president of the British Association of Industrial Editors (BAIE), which makes the annual award, said: "In hardly more than a year Sir Kenneth has revolutionized the communications of the Met. He has turned it from a force with an inward looking, defensive posture, into a positive and outgoing communicating organization."



Mr John Broome, who has invested £2m in a 'black hole' space ride at the Alton Towers Amusement Park, Derbyshire, with the unfinished ride and an artistic impression of the completed construction (Photograph: Brian Harris).

Alton Park joins space race

By Derek Harris, Commercial Editor

A hillside has been dug out this winter to build a "black hole" at the Alton Towers amusement park near the Staffordshire-Derbyshire border. At a cost of £2m it will rival the American Disney World's Space Mountain.

The investment has been made by Mr John Broome, a former property restorer, in an attempt to stay ahead in the race to introduce "theme" amusement parks in Britain.

After four years, Alton Towers has become the third most popular destination for day-trippers among attractions charging entrance fees, beaten marginally by the Tower of London and Madame Tussaud's. It had more than 1.6 million visitors during the last season and expects this year to rise to two million this year after spending £5m on six new "white knuckle" rides, including the total-darkness space ride.

By June, a further five-year development programme is expected to be announced doubling the £40m invested so far. The aim is to push the annual number of visitors to four million. Among the designers involved is Mr Mike Jenkins who is based in Dallas and worked on Disney developments.

The new space ride will become the centrepiece of the attractions at the 1,000 acre park. Alton Towers was once the seat of the Earls of Shrewsbury.

Existing attractions include a corkscrew roller coaster with two complete up-and-over loops and what is claimed to be the longest log flume water channel ride in the world.

The corkscrew exerts a force of about 3.5G on the human

body. In the black hole the force is likely to reach 4G.

The biggest drop in the new space ride, 70ft, will be fully enclosed. From the end of March, when the new tourist season starts the strapped-in customers will hurtle through total darkness. They will ride a "laser beam" set along the track while beset by asteroids and other space phenomena created by three-dimensional hologram pictures.

Those with fragile health will be told not to take the plunge, while there is a discreet exit for those changing their minds at the last moment.

Alton Towers' biggest competitor is likely to be the WonderWorld project at Corby, Northamptonshire, where the first £100m phase is due to open in 1986.

Britain criticized over immigrant children

From Ian Murray, Brussels

Very few children of immigrants to Britain are given the chance to be taught at school in their own languages, even though all EEC countries agreed seven years ago that all migrant children had that right.

That is one way in which Britain is failing to meet its obligations under the terms of the directive, according to a survey by the European Commission. Like every other member state Britain is being told of improvements it must make if it is to avoid being prosecuted in the European Court.

Exact figures for Britain are impossible to find since, with Italy, it has not yet conducted a survey of foreign pupils in primary and secondary schools. The commission report

quotes a government estimate that there are between 375,000 and 500,000 children in Britain whose mother tongue is not English. Yet only 43,000 are given the chance to learn in their mother tongue.

That compares with 80 per cent in The Netherlands and about 60 per cent in most parts of West Germany. In France, Belgium and Luxembourg the report shows comprehensive systems of training migrant children and, though 25 different languages are taught in Britain, only a handful, half of them in the London area, benefit.

The report also says that older children arriving in Britain are given far less help in learning English.

Teaching job cuts based on ability

By Lucy Hodges

Newcastle upon Tyne City Council, which is Labour controlled, is proposing to make teachers compulsorily redundant according to their qualifications and experience as well as their capability, conduct and attendance.

This plan unprecedented in that redundancy is to be based on competence rather than a policy of "last in first out" has been condemned by the National Union of Teachers.

The draft redundancy policy, introduced alongside the council's plan to cut £1.7m from the education budget which means that 180 teaching jobs will have to go, has been proposed on the ground that it would be fairer than "last in first out"

His views were taken seriously, in Moscow and elsewhere, because in the mid-1970s the PCE seemed almost sure of a bright future. Driven underground and ruthlessly persecuted after its role in the Spanish Civil War, it was widely regarded as the strongest and most consistent

EUROCOMMUNISM Part 2 SPAIN

opposition to Franco's rule. Many believed it had won majority support among the industrial working class through the courageous work of its clandestine trade union movement, the Workers' Commissions.

Its main problems, supposedly, would be to secure its position in the new democratic process, avoiding a veto by the armed forces, and to reassure middle-of-the-road voters who feared a new polarization of Spanish politics. For both purposes the Eurocommunist line was tailor-made, and a 30 per cent Communist vote in the first post-Franco election was widely predicted.

In fact the party received only 8.9 per cent of the vote in 1977, advancing to 10.6 per cent in

Propaganda and press-gangs in El Salvador

Regime resorts to forced recruitment

From John Carlin, San Salvador

During the four years of fighting in El Salvador the guerrillas and the American-backed government have been vociferously claiming impossible huge numbers of enemy casualties, denouncing atrocities and deriding each other as stooges in an international East-West conflict.

In the last month a new accusation - press-ganging - has entered the propaganda fray. Colonel Adolfo Blandon, chief of staff of the armed forces, said at a news conference last week that guerrillas were low and desertions high, because of massive forced recruitment.

The rebel Radio Venceremos, for its part, has been providing details of disconsolate families whose sons, it says, have been dragged off by Army thugs.

The most spectacular case Colonel Blandon referred to last Tuesday supposedly took place in the north-eastern province of Morazan, the scene of frequent fighting. The guerrillas, he said, had recently forced 300 coffee-farm workers there to join their ranks.

A visit to the area on Wednesday established that the guerrillas had, indeed, been guilty of kidnapping - but just one man, whom they had released, unharmed, 11 days later. He is the president of the local coffee cooperative and the guerrillas had taken him away to try to convince him to raise the wages of his coffee-pickers and provide them with better living and medical conditions.

Conversations with people up and down El Salvador - a country no larger than Wales - have failed in the last weeks to provide evidence of anybody having been forcefully recruited by the guerrillas. Yet in the last two years, they have doubled their fighting force to 10,000 combatants.

After suggestions from United States advisers, the size of the armed forces has also been increased by 5,000, up to more than 40,000 soldiers, but only in the last two months. The local press has noted that streets have been unusually depopulated and schools and colleges often deserted as youths lay low to avoid recruitment.

At a new military training base in the eastern port town of La Unión several hundred recruits are taking their first lessons in soldiering from some of the 55 US military officers in El Salvador.

Last Thursday a crowd of mothers milled about the barbed-wire gates of the base waiting for the first glimpses of their sons since their recruitment. One woman said that a month ago her 18-year-old son had been picked up by soldiers from the hamlet where she lives.

"I only found out what happened the next day. We didn't even have time to say goodbye," she said. Understandably eager not to be identified in a country which has one of the worst human rights records in Latin America.

The woman's husband is infirm and cannot work. Her recruited son, Reynaldo, is the oldest of seven children.

"I depend on him totally to feed the younger children. He's the only one strong enough to work in the fields," the woman said, despondent at the prospects for her family over the next two years of military duty.

Other mothers at the base had similar stories to tell. A priest from the east of the country said there had been an enormous amount of indiscriminate shanghaing in his area last month, including that of five seminarians who were released after pressure

Underground party withered in the light of democracy

In the second of four articles on the decline of Eurocommunism, Edward Mortimer and Richard Wigg chart the movement's crushing failure in Spain.

Of all the leaders of Eurocommunism in its heyday, Santiago Carrillo of the Spanish Communist Party (PCE) was the most outspoken. Quicker than the French and with more enthusiasm than the Italians, he scooped up the Eurocommunist label and claimed it for his party, calling his personal manifesto, published in early 1977 when the party came into the open after forty clandestine years, *Eurocommunism and the State*.

More than any other Eurocommunist leader, Carrillo went out of his way to tweak the tail of Moscow, revelling in the Soviet attacks that this provoked and which he believed would strengthen his appeal to Spanish public opinion. He alone went so far as to question whether Soviet society was really socialist at all.

His views were taken seriously, in Moscow and elsewhere, because in the mid-1970s the PCE seemed almost sure of a bright future. Driven underground and ruthlessly persecuted after its role in the Spanish Civil War, it was widely regarded as the strongest and most consistent



Señor Carrillo: Stalinist method of leadership

1979, by which time the Socialist Party (PSOE) had already reached 30 per cent. In October 1982, when the PSOE cruised to power with an absolute majority, the Communist vote collapsed to 3.8 per cent.

The following month Señor Carrillo resigned in virtual disgrace after 22 years as general secretary. A year later in December, 1983, he attempted a comeback against his own chosen successor, Gerardo Iglesias, and was defeated. Debates at that eleventh party congress showed that what was left of Spanish Eurocommunism was in an intellectual shambles, and since last month the party has faced a new rival, openly backed by Moscow.

Nowhere else has Eurocommunism been quite such a spectacular and crushing failure. Why?

Part of the explanation lies in the personality and methods of Señor Carrillo himself. For all his skilled exploitation of the Eurocommunist theme in dealing with outsiders, he continued to run his own party with classic Stalinist methods, manipulating the central machine to secure a permanent and unconditional

majority for his own views. But, once the party was operating in the open within a democratic system, he could not prevent his opponents - both liberal and Stalinist - from making their grievances public.

Over time, this undermined the credibility of the Eurocommunist message addressed to Spanish society at large. Relatively successful when it was underground, the PCE failed conspicuously - and in striking contrast to the PSOE - to adapt to the evolving pluralistic Spanish society of the 1970s and '80s. During the last five years of Carrillo's leadership, it lost some 60 per cent of its members.

As in France and Italy, the party's moderation helped its Socialist rivals more than itself.

The new pro-Moscow party led by Ignacio Gallego, a veteran hardliner, does represent one significant trend in the Spanish working class, which found Eurocommunism difficult to grasp: it yearns, especially in these harsh economic times, to go back to the good old tradition of hating the bosses and dreaming of a socialist paradise.

Tomorrow: France

Spanish are told choice is job cuts or closures

From Richard Wigg, Bilbao

Señor Felipe González, the Spanish Prime Minister, has responded to the mounting protests by organized workers against the Socialist Government's industrial restructuring programme.

He said Spain had to make up for time already lost. The workers faced a choice between losing 20 per cent to 25 per cent of steel, shipbuilding and electrical jobs lost or forcing firms in these industries to close.

This issue has assumed growing importance in the general election campaign in the Basque region. The Prime Minister is not campaigning personally so his warning to the 1½ million Basque electors who go to the polls next Sunday was given in a newspaper interview.

The Basque region lost more than 150,000 jobs between 1975 and 1982 and now has more than 20 per cent of its population of working age unemployed. Its steel, shipbuilding and electrical industries are now the prime objective for an industrial reconversion programme which

Señor Carlos Solchaga, the Industry Minister, wants completed by 1986.

Señor González's warning comes after the Industry Minister and Señor Miguel Boyer, the Economics Minister, had a policy clash with Señor Nicolás Redondo, Secretary-General of the General Workers Union, the pro-Socialist trade union.

The Madrid Government is not only facing rising labour discontent in the Basque region. In Galicia last week an estimated 300,000 people demonstrated in Vigo over threats to jobs in the region's shipyards. In the Sagunto steelworks, near Valencia, a year-old workers' protest campaign has stopped even a single dismissal out of 10,000 for the entire steel industry.

Last year two of Spain's biggest state-owned shipyards did not receive a single order. The Socialist Government has promised that workers will be suspended only as their firms are converted, and will receive 80 per cent of their past average pay for up to three years.

Trams trundle on

Hongkong. (AFP) - Hongkong is to keep its trams, even after the Island Line underground system opens in the next two years, but they will have to pay their way.

The turn-of-the-century wooden coach-built trams will continue to trundle down the north shore of Hongkong Island as trains speed through tunnels being bored below.

Officials believe the trams, which carry 390,000 passengers

a day, will continue to have a role, mainly for short distances. But capitalist Hongkong is leaving it to the operator, Hongkong and Kowloon Wharf Company, to use its commercial judgment on whether to continue the service, a transport spokesman said yesterday.

For the thousands of tourists, the stay of execution will mean they will still have one of the world's best travel buys - about \$5 for an 18-mile journey.



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SNP local poll pledge to boost Scots' morale

The Scottish National Party yesterday launched its manifesto for the May district elections with a pledge to boost Scotland's self-confidence which it says has been flagging.

The party has also committed itself to improving car services and housing as well as providing more cash for community groups.

At the manifesto launch in Glasgow it said it would field a record number of candidates, and hoped to gain control of five local authorities.

The SNP's local government vice-chairman, Mr Gordon Murray, said that the manifesto shows what can be done by reallocating resources. "Over £1m an hour is provided by oil revenues and an additional

£336m made available to Scottish local authorities would represent less than two weeks of current oil revenues," he said.

Among manifesto proposals are the provision of radio links for the housebound, elderly and handicapped, help for the young, community recreation

On housing, the party proposed that for every four rented homes sold to their occupiers, one new house should be built for letting. Mr Murray emphasized that the party would do all in its power to oppose further cuts in local authority spending.

Mr George Leslie, the party's policy vice-chairman, added: "We feel we can rebuild the SNP's confidence. We do represent a threat to the established system."

Mail 'should have given pacifists right of reply'

After criticizing a peace group as naive people who had swallowed the Kremlin's propaganda hook, line and sinker, the *Daily Mail* should have given them an opportunity to reply, the Press Council says in a ruling today.

The council says the newspaper did not seriously misrepresent the work or intentions of the Northern Friends' Peace Board with factual errors, inadequate information and innuendo.

Upholding the newspaper's right to legitimate comment, the Press Council upheld the board's complaint only to the extent that the *Daily Mail* should have given it an opportunity to reply to the critical leading article which

was headlined "Dopes for peace".

The council rejected a separate, personal complaint by the board's secretary, Mr Rowland Dale of Hall Lane, Horsforth, Leeds.

Some editions the same day carried a report headed "We're not dopes says 'peace' man." It said Mr Dale, whose wife is national coordinator for the Mothers for Peace group, was playing host to two members of the Soviet Women's Committee, which it said was part of the KGB-dominated World Peace Council.

Mr Dale complained personally that the report subtly sought to impugn the honesty of his wife and himself as peace campaigners.

Reagan arrival in Iowa coincides with poll blow to his popularity

From Nicholas Ashford, Des Moines

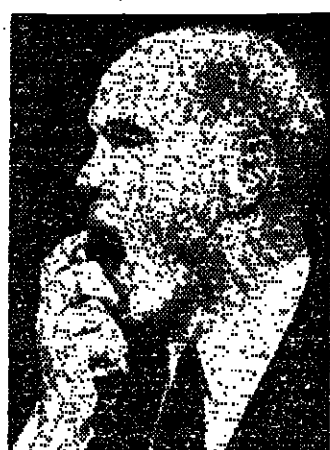
Like a gatecrasher at an exclusive party, President Reagan flew to Iowa yesterday in a deliberately planned attempt to steal attention from his Democratic rivals as they faced their first electoral contest of the presidential campaign.

In his first campaign trip since declaring his candidature a month ago, President Reagan addressed Republican rallies in Waterloo and Des Moines and also made a nostalgic return visit to the local radio station where he made a name for himself as a sports announcer half a century ago.

As a bachelor in his early twenties, Mr Reagan used to broadcast University of Iowa football games and recreate Chicago Cubs baseball games by describing them from scraps of paper handed him by a telegraph operator.

Democrats were incensed by what they denounced as "the President's cheap publicity stunt". Mr David Nagle, the Iowa Democratic Party chairman, said: "He is just coming here because he knows the whole of the media is in Iowa to cover the Democratic caucuses. It is kind of sad to see the President of the United States running after the pack of television cameras."

The President's four-hour foray into the Mid-West took place just as Iowans were preparing to vote in the state's 5,495 precinct caucuses. These caucuses mark the formal opening of the presidential election race and will provide



Fading voice: Even Mr Glenn leads Reagan

the first test of the popularity of the eight Democratic contenders.

Virtually all attention has been focused on the Democratic caucuses because the outcome will have a big impact on which of the eight contestants will eventually be nominated to challenge Mr Reagan for the Presidency. However there has been little interest in the Republican caucuses, which were also taking place last night because Mr Reagan is the unopposed incumbent.

Responding to Democratic criticism, Mr James Lake, spokesman for the Reagan-Bush reelection campaign, said the President's visit was an opportunity to show the citizens of Iowa that he takes this election very seriously.

Four years ago Mr Reagan ignored Iowa and as a result was defeated by his Republican opponent, Mr Bush, in the caucuses. This time he intends to leave nothing to chance.

The timing of his visit, in fact, has turned out to be particularly opportune. According to a poll published in yesterday's *Des Moines Register*, the President's popularity has slumped in Iowa during the past month and he is now trailing his main Democratic rival, Mr Walter Mondale.

The poll showed that the President's popularity had plummeted by 12 percentage points and now stands at 40 per cent, his lowest mark ever in this predominantly republican state.

The main reason for this sharp decline is his handling of the Lebanon crisis. Two thirds of those polled disapproved of the President's policy on Lebanon.

The economy, in particular the size of the federal budget deficit, has also contributed to the slide in the President's popularity.

The poll showed that Mr Reagan had gone from running even with Mr Mondale to trailing him by 14 points. Mr Mondale was expected to emerge as an easy winner in the Democratic caucuses.

Even Senator John Glenn is now ahead of President Reagan in the popularity stakes, despite his own faltering election campaign.

Frank Johnson, back page

UN leader warms to optimistic Warsaw

From Our Own Correspondent Warsaw

The United Nations Secretary-General Javier Pérez de Cuéllar, said yesterday that he was "very encouraged" by what he had heard during a meeting with the Polish Communist leader, General Wojciech Jaruzelski, about the fate of 11 prominent Solidarity and dissident leaders awaiting trial and a UN employee imprisoned by the Warsaw Government in espionage charges.

Señor Pérez de Cuéllar said at a press conference here that he was "agreedly surprised" that Polish leaders had not only reviewed international affairs but were also willing to explain "particularly irritating" internal problems. "They indicated they were on the way to solving these problems, and even gave me specific evidence which I cannot disclose at this moment", he said.

Señor Pérez de Cuéllar said the Polish authorities had raised the matter of seven Solidarity leaders and four members of the dissident group KOR who are imprisoned and awaiting trial on espionage charges. He added that he was "relieved" by what he had heard concerning the prospects for the release of Mrs Alicja Wesołowska, a Polish employee of the UN Secretariat in New York, who was sentenced by a Warsaw military court to seven years' imprisonment on charges of espionage on behalf of a western power.

Señor Pérez de Cuéllar arrived in Poland on Saturday at the start of an Eastern European tour that will also take him to Hungary, Czechoslovakia and Bulgaria. The Polish authorities - anxious to break the international isolation that followed the imposition of martial law in December, 1981 - have played up what is the first visit by a prominent non-Communist statesman since the military crackdown.

The Polish Government's press spokesman said the authorities hoped to give the UN Secretary-General a better understanding of the situation in the country and the Polish attitude towards western sanctions.

Leading article page 3

Lorry drivers press their demands today

From Diana Gaddes, Paris

Traffic in most parts of France began to return to normal yesterday, after some of the worst jams in the country's history, as lorry drivers continued to remove their barricades in anticipation of today's promised talks with the Government.

About 50 blockades were still in position last night, however, mainly in the Savoy-Alps area, but also in Brittany and the North-East, where new barricades were erected during the day despite the call by the two main road haulage federations for all action to cease pending the outcome of negotiations with the Government.

The spectacular blockades began last Wednesday in a spontaneous outburst of anger by hundreds of lorry drivers who had been queuing for several days in sub-zero temperatures outside the Mont Blanc tunnel waiting for the handful of French and Italian customs officials to end their separate strikes over pay and conditions of work.

It was not the first time that the drivers had been forced to suffer such extensive and expensive delays. The customs officials have seemed endlessly involved in one dispute or another. And even when they were working normally customs clearance would often take three or four hours, compared with one hour at most other frontier posts.

But there are other long-festering grievances, too. The road hauliers have long demanded a reduction of value-added tax on diesel fuel to bring them into line with their competitors in other European countries. The present Government agreed in 1982 to progressively halve the nominal rate of VAT, but the

road hauliers want that process speeded up.

Another grievance concerns multiplication of government controls on road haulage operations, including strict regulations as to maximum number of hours (55) that any driver is permitted to complete in a week and the number of rest periods he is obliged to take during a journey. The road hauliers complain that regulations are much too rigid.

In addition, there is widespread suspicion that the Socialist Government has been unfairly favouring the nationalized railways at the expense of the nation's 30,000 privately-run haulage companies. Matters are made worse by the fact the M Charles Fiterman, the Transport Minister, is a Communist. Road transport has fallen by 15 per cent since 1981.

M Fiterman retorts that the reduction in VAT on diesel fuel is costing the Government 2.4 billion francs (£200m) a year. The Government looks as if it has escaped what at one moment last weekend seemed an explosive situation. But it knows this is no time for self-congratulation. Other potentially dramatic disputes are brewing, including the first national coal strike in 21 years.

Meanwhile, on Saturday the biggest demonstration in defence of private education ever seen in France, involving more than 200,000 people, was held at Rennes in Brittany. It was the third of a series of similar demonstrations being held throughout the country in protest over government plans to integrate the predominantly Roman Catholic private schools, catering for 15 per cent of pupils, more fully into the state educational system.

Safety first at Olympics

From Ivor Davis, Los Angeles

This summer's Olympic Games are likely to be the most heavily policed in history, with government security alone costing at least \$55m (about £38m), according to the *Los Angeles Times*.

Behind the visible lines of thousands of local officers and private guards will be a massive army of government agents. The FBI, CIA, National Security Agency, among others, are collecting anti-terrorist intelligence from all over the world and funneling it to Los Angeles.

From July 28 to August 12, 700 FBI agents will be based

here. More than 600 secret service and support personnel will help to guard President Reagan at the opening ceremonies on July 30, the first of a series of state expected. Princess Anne will be Britain's official representative.

Military helicopters and satellite communications equipment will be used to protect Olympic sites and villages.

Security is considered a critical issue in a world where terrorism has become commonplace. But officials say the cost is being watched at the first private-enterprise Olympics in history.

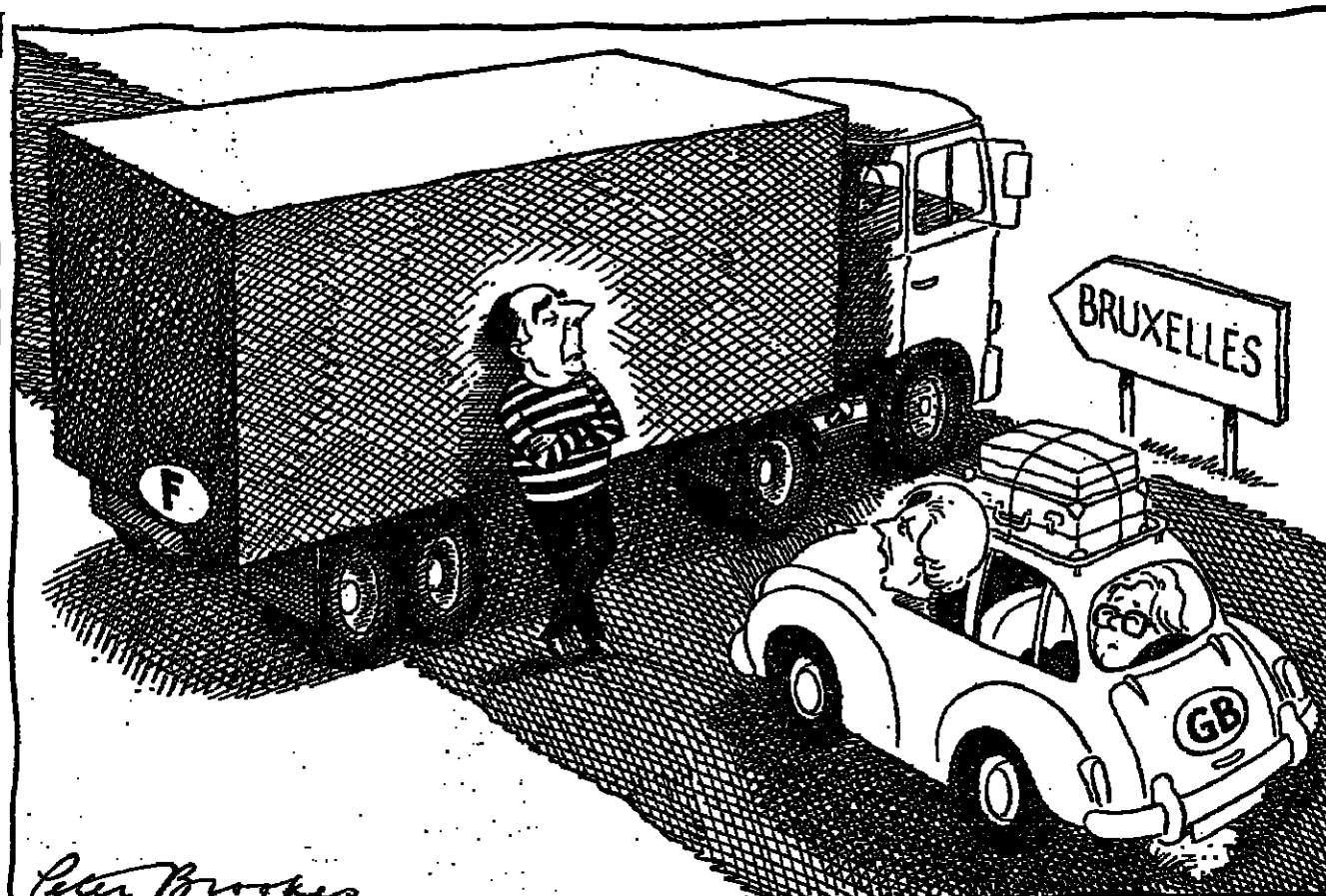
undertaking nor draw troops from its 51 member states.

The 21-year-old regional organization sent a peacekeeping force to Chad in 1981, but it proved largely ineffectual and was withdrawn by Colonel Mengistu's predecessor as OAU chairman, President Daniel arap Moi of Kenya.

Mr Habré, then a rebel leader, captured the Chad capital of Njamena in June, 1982, despite the presence of the OAU troops.

Observers in East Africa said they thought a main reason for Mr Cheysson proposing a pan-African observer force would be to allow the French to withdraw from Chad "with honour".

About 3,000 French troops, backed by F1 Mirage interceptors and Jaguars, are in Chad.



"Budget!!"

Howe pours scorn on EEC rigidity

From Ian Murray, Brussels

Britain called on its reluctant EEC partners yesterday to help to unfreeze its £457m rebate blocked by the European Parliament. It was one of the priorities of Sir Geoffrey Howe, the Foreign Secretary, at the formal foreign ministers meeting in Brussels to gain support for paying over the money by the end of Britain's financial year on March 31.

There was marked weariness with the subject among most other foreign ministers, who would like to see the money paid over as quickly as possible to avoid further complications with Britain.

The appeal came after an informal weekend meeting when Sir Geoffrey had been far from successful. Britain's position in the crucial negotiations for EEC reform. Although quick decisions are essential to save the EEC from bankruptcy, that meeting failed to produce any agreement on

how to calculate the new kind of budget deal Britain insists on finding.

Sir Geoffrey maintained his determined defiance of those who question Britain's European commitment in demanding change in a speech to the Belgian Royal Institute of International Relations last night. The speech, translated into the main Community languages, was widely distributed beforehand in an attempt to win wider understanding of Britain's position in the EEC than is apparent at the moment.

Sir Geoffrey began his speech with the words: "I am a European." It was in deliberate contrast to the late President Kennedy before the Berlin Wall and thus symbolized defiance and proud British determination in the face of all obstacles.

The aim of the speech was to present the Community with a

"stark choice". Either it could accept and agree the need for reform or it could abandon the struggle for its future.

There was no sign anywhere in the speech of any British compromise on its two main claims in the negotiations. Although he prophesied a bleak and dangerous future if the Community were to rot away, there was no shred of comfort for those Community countries who still believe Britain will in the end agree to a short-term deal or to token savings on agriculture.

The speech concentrated on trying to pour scorn on things as they are. "Rigidity has been mistaken for consistency," he argued. "It is not the philosophy of a healthy democracy."

It was palpably absurd that annual Community milk production now exceeded consumption by more than the weight of every man, woman and child living in the EEC.

This top-heavy common agricultural policy could not be reformed if everyone resorted to an elaborate form of pass the parcel - that nursery game designed to ensure that the buck stops with somebody else. The buck will have to stop with all of us or it will not stop at all."

The ministers had flown from their meeting near Paris the previous day to Brussels thereby avoiding the blocks of lorries protesting along the Belgium border about formalities.

Finally, with some reluctance, he turned to the budget, "the apple of discord" with many EEC members. He was at his most uncompromising. A settlement had to be lasting and it had to be fair. There was no question of Britain even considering agreeing extra money to allow the Community to buy its way out of trouble until then.

5,000 at funeral of girl killed by police

From Michael Hornsby Johannesburg

Emma Satheke, the 15-year-old black schoolgirl killed on February 13 during clashes between police and pupils in the black township of Atteridgeville, near Pretoria, was buried at the weekend at an emotional funeral attended by more than 5,000 people.

The Department of Education and Training, which is in charge of black education, has announced the reopening of the Hlopheng, Dandville and Sandridge High Schools in Atteridgeville, which had been closed after month-long class boycotts.

The D. H. Petz High School where Emma Satheke died, will remain closed for the time being.

The funeral began with a prayer service at the dead girl's home, with mourners singing freedom songs and brandishing placards reading "Educate us, do not kill us", "Forward with the people's government" and "We shall overcome".

The flag-draped coffin was then pulled through the streets on a donkey cart for about three miles to the cemetery. A representative of the Congress of South African Students which organized the obsequies, told the mourners that liberty grew stronger when watered with the blood of martyrs.

Other speakers lambasted the Government's continued adherence to racially segregated education, and said the struggle would continue because "an injury to one is an injury to all".

Despite the emotional atmosphere the funeral passed off without disturbance, the police sensibly keeping out of sight.

Investigation into the girl's death is continuing. It is acknowledged that she died of internal injuries and there seems to be little doubt she was struck by a police vehicle.

Maputo plan to muzzle rebels

From Michael Hornsby, Johannesburg

President Samora Machel of Mozambique yesterday met Mr P. Botha, the South African Foreign Minister, in Maputo to discuss a range of security and economic issues.

The main topic was understood to be the terms of an agreement under which each country would refrain from aiding and abetting the military activities of guerrillas dedicated to the overthrow of their governments.

Pretoria wants Maputo to take measures to curb the use by the African National Congress of Mozambique territory as a base from which to infiltrate guerrillas and saboteurs into northern Natal and eastern Transvaal.

On its side, Mozambique wants South Africa to cease its covert aid to the insurgents of the Mozambique National Resistance, who have plagued the Frelimo Government since it

seized power from Portugal in 1975.

Mr Botha was accompanied by General Magnus Malan, the Defence Minister, Mr Louise le Grange, the Minister of Law and Order, and the Commissioner of Police, the head of national intelligence, and senior foreign affairs and defence officials.

The talks are a sequel to discussions at a lower level last month in Maputo and Pretoria. They were also preceded by the tripartite meeting in Lusaka, the Zambian capital, last Thursday, at which South Africa and Angola, with the United States as go-between, agreed to set up a joint commission to monitor a ceasefire along the Angola-Namibia border.

Other subjects under discussion in Maputo were South African economic aid, the restoration of trade and trans-

port links eroded since Mozambique's independence, the expansion of job opportunities in South Africa for Mozambican labourers, and promotion of tourism.

Separate talks, which also include Portugal, are looking at ways of resuscitating the Cahora Bassa hydro-electric scheme on the Zambezi river in northern Mozambique, which was built in the last years of Portuguese colonial rule to supply electricity to South Africa and revenue to Mozambique.

The transmission lines - about 800 miles long - have been repeatedly sabotaged by MNR guerrillas, and the plant has supplied no electricity since October last year.

Cahora Bassa is said to be costing Portugal, which is responsible for paying off the loans raised to finance the building of the dam, about £35m a year.



Peking duck: China's first Western-style fast-food restaurant selling hamburgers, hot dogs and ice cream which is due to open in the capital next month.

French seek pan-African force for Chad

Addis Ababa (AP) - M Claude Cheysson, the French Foreign Minister, has proposed the formation of a pan-African "observer" force for Chad, as a means to curb fighting in the 19-year civil war, Western diplomatic sources said yesterday.

They said M Cheysson praised the proposal during a four-day visit early this month to Chad, Ethiopia and Libya. But the Addis Ababa-based organization of African Unity which the French Minister had hoped would sponsor the force, felt it was currently unable to take on the task.

French Embassy officials declined to comment for the record, referring queries to Paris. M Cheysson, they noted, reported on his talks directly to President Mitterrand.

The diplomatic sources, who have proved reliable in the past, said the force, as envisaged by M Cheysson, would have 100 to 200 troops equipped with helicopters, radar and other sophisticated surveillance equipment.

The observers would be stationed along the fifteenth parallel to keep apart the Army of President Hissène Habré, which is reinforced by French paratroopers south of the line, and the rebel forces of Mr Goukouni Quédde, which are believed to be backed by regular Libyan Army units, the sources said.

M Cheysson's African visit followed the cancellation of Chad reconciliation talks to have been held in January. President Habré refused to attend because of a high-level

welcome given to M Goukouni by Lieutenant-Colonel Mengistu Haile Mariam, the Ethiopian head of state and current OAU chairman, who suggested the mediation session.

M Goukouni, who was President of Chad until he was overthrown in 1982 by Mr Habré, his former Defence Minister, refused to negotiate with anyone other than Mr Habré.

An official ceasefire along the fifteenth parallel, which splits the country in two, was broken last month when rebels crossed into the French-controlled section and shot down a French Jaguar fighter, killing its pilot.

The main obstacle to forming a pan-African observer force appeared to be the OAU's feeling that it can neither handle the logistics involved in such an

undertaking nor draw troops from its 51 member states.

The 21-year-old regional organization sent a peacekeeping force to Chad in 1981, but it proved largely ineffectual and was withdrawn by Colonel Mengistu's predecessor as OAU chairman, President Daniel arap Moi of Kenya.

Mr Habré, then a rebel leader, captured the Chad capital of Njamena in June, 1982, despite the presence of the OAU troops.

Observers in East Africa said they thought a main reason for M Cheysson proposing a pan-African observer force would be to allow the French to withdraw from Chad "with honour".

Church fights to keep schools

From Our Correspondent, Valletta

The Archbishop of Malta, Mgr Joseph Mercieca, has assumed responsibility for the running of all church schools in Malta, largely from the religious orders and in agreement with the Bishop of Gozo.

This was announced in a statement issued by the archbishop's courier last week which stated: "The church by right, and as part of its mission, has its own schools. The church will continue to fulfill this mission."

"Since the church has not the means to carry the burdens of its schools, as is clearly established in the 'aggregated accounts' published (for the first time ever) last year by the archdiocese of Malta, the diocese of Gozo, and the religious orders, the church has

to find other means to ensure that its schools continue to function."

Addressing party supporters on Saturday, the leader of the Nationalist Party, Dr Edward Fenech Adami said that the battle for church schools was not one for the church to fight alone; it was the Maltese people's battle.

If at any time the Government were to try to take over the church schools by force, the Government would be asking for force to be used, and the Nationalist Party would defend such schools with all the means at its disposal, Dr Fenech Adami said.

The issue was a question of freedom - freedom of choice in educating one's children - and

no government had the right to interfere if parents wanted to pay for their children's education.

The Nationalist leader told teachers not to give in to blackmail. He was referring to the ultimatum given to teachers in private schools by the senior deputy Prime Minister, Dr Carmelo Mifsud, to inform the Government by today whether they were prepared to serve in the schools if the Government took them over.

Dr Mifsud Bonnici warned the teachers on Friday that the Government already had a number of qualified persons to fill the posts occupied by teachers who do not reply in time to the questionnaire.

Spy couple refused leave to appeal

Cape Town (Reuters) - A judge refused a high ranking South African naval officer and his wife leave to appeal against their conviction for spying for the Soviet Union.

Commodore Dieter Gerhardt, who controlled South Africa's main naval dockyard at Simonstown, was convicted of high treason and sentenced to life imprisonment after the court heard he spied for Moscow for 21 years. His wife, Ruth, was sentenced to 10 years for her role as a courier.

Judge George Munnik, who presided over their trial in December, yesterday turned down the appeal application. They can petition the Chief Justice within 21 days.

Olympics help reunite family

Seoul (AFP) - A 55-year-old Korean living in north east China located his 57-year-old sister in Seoul after a 39-year separation - only because his daughter and her fiancé went to the Winter Olympics at Sarajevo with the Chinese team.

The young couple showed an old photograph of the woman to a South Korean TV team, who found her after the picture was flashed on screen.

Airport blaze

Karachi (AP) - Karachi international airport reopened last night after a fire that destroyed the international arrivals lounge and baggage awaiting clearance. A spokesman said the blaze must have been caused by a welding spark but some witnesses said they heard an explosion.

Rider killed

Moscow (Reuters) - Top Soviet ice-track speedway rider Anatoly Gladyshev, aged 27, died after being injured by wheel spikes in a crash at the world championships yesterday. Tass reported. He and two other motor-cycle riders killed.

Witch hunt

Zimbabwe, South Africa (AP) - A man and woman thought by fellow villagers to be witches were tethered to the rear of a lorry and burnt alive over the weekend. Their deaths brought to 12 the number of people burnt as witches in three months.

President quits

Port Vila, Vanuatu (Reuters) - The South Pacific island nation of Vanuatu will elect a new head of state on March 6. President Georges Ati Sokomamu resigned after being fined for late payment of road tax.

Rigs in danger

St John's, Newfoundland (AP) - An icefloe 186 miles long is drifting dangerously close to two oil rigs 200 nautical miles southwest of here. Drilling has stopped and workmen have been evacuated.

Agca trial off

Istanbul (AP) - A marital law court here refused to try Mehmet Ali Agca in absentia for his attempt on the life of the Pope. It ruled that the charge should be dealt with by a civilian court.

Turks relent

Ankara - Collective bargaining is being allowed again in Turkey after being suspended under the military regime. But only 35 trade unions of the country's 800 will be allowed to negotiate contracts.

Ghana deaths

Abidjan (Reuters) - An outbreak of meningitis has killed 103 people in the upper east region of Ghana. At least 1,500 cases have been detected. Accra radio said.

Ski toll rises

Vienna (Reuters) - Three West German tourists were killed in an avalanche on Gletscher mountain near Innsbruck, bringing the weekend's death toll in Austria to six.

Miners trapped

Ankara - Rescue teams are trying to reach four miners buried when a gallery caved in at a coal mine near the north-west Turkish port of Zonguldak.

Fit to print

Islamabad (AFP) - The Pakistan military regime has ordered public institutions and schools to stop buying "irresponsible" newspapers and magazines, defined as those not under government control.

Moroccans turn the screw on Polisario

From Edward Mortimer
Tindouf, Algeria

In the last two months, the Moroccan Army has extended the area it controls in the disputed Western Sahara by about 4,000 square miles.

The defence perimeter which since 1981 has enclosed the "useful triangle" - the two biggest towns in the territory and the phosphate mines at Bu Craa - has been pushed forward south and east and now abuts the north-west corner of Mauritania.

Fighters of the Polisario Front, which seeks independence for the former Spanish territory, claimed when interviewed last week, close to the new Moroccan line, that there was room for them to pass between it and Mauritania on their way to the southern part of western Sahara, of which Morocco controls only a small coastal enclave round Dakhla.

But Mr Muhammad Ould Sidati, a minister in the government of the Polisario's "Saharan Arab Democratic Republic" and close adviser to its president, Mr Muhammad Abdi-Aziz, made it clear when I spoke to him here that he regarded the new "wall" (an earthenwork, guarded by minefields and equipped with electronic sensors) as a serious escalation of war, which could lead to the involvement of other regional powers.

If France and the United States persisted in supplying weapons to Morocco, he said, "they should not think that the Saharawi people or the Polisario Front have exhausted all their potential allies".

The whole region is implicated in the war, he said, hinting at Algerian realisation if Morocco should attempt to force Mauritania to police its frontier against Polisario.

Mr Sidati said the building of the new "wall" reflected the failure of the old one, but that is not how it looks from the Moroccan side, as I discovered on a brief visit to the Moroccan-controlled area.

In both main towns, Ly'oun and Smara, an air of excitement and normality prevails, and the morale of the officers, who showed me the wall being built about 40 miles east of Smara, seemed high.

On the other hand, the Moroccan strategy involves an expensive deployment of men and resources, contributing to the country's economic difficulties.

Moreover, last week guerrillas were able to take me within five miles of the wall at Amgala - a village won by the Moroccans in fierce fighting at the turn of the year - and I saw Polisario scoring direct hits.

The Moroccan artillery had great difficulty in locating the snobs and camouflaged Polisario forces.

Regina v Harman and Others
Before Lord Lane, Lord Chief Justice, Mr Justice Mustill and Mr Justice Slender
[Judgment delivered February 20]

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Harman and Christopher Davis, who were convicted of conspiracy to steal, were acquitted of conspiracy to damage property and were sentenced to 21 days' respectively of youth custody and detention, and their sentences were varied on appeal to 12 months' conditional discharge. Corsini, who was also convicted of conspiracy to steal and acquitted of conspiracy to damage property, was convicted of damaging property and sentenced to four months' detention, varied on appeal to 300 hours community service. Stephen Davis, who was convicted of the same offences as Corsini and acquitted of conspiracy to damage property, was sentenced to six months' imprisonment which, on appeal, was varied to three months.

Appeals were brought by 13 persons against conviction or sentence arising out of demonstrations on February 14, 1982 at the centre where research involved experimentation on live animals. The premises were destroyed by about 100 people and the Crown's case against the appellants and others was conspiracy to cause



Italian exit: A hug for a paraplegic Lebanese, and a Shia farewell for General Agione, the Italian commander leaving Beirut.

Discreet charm of uncrowned king of west Beirut

By Robert Fisk, Beirut

Someone asked Mr Nabih Berri the other day if he was ambitious. For a moment, he

was silent. Then he said: "I don't want to tell you I want nothing," he said. "Like anyone else, I have ambition."

Then he noticed the tired militiamen watching him intently from the back of his dark office in Barbour Street. "At this time," he added hurriedly, "all I hope for is an end to this bloody war and an opportunity to take a rest." Mr Berri is a man who understands the meaning of discretion.

Given his new role of uncrowned king of west Beirut, he needs to have such qualities. His Amal movement is in uneasy alliance with Mr Walid Jumblatt's Druze Progressive Socialist Party and his militia depends almost totally on Iran for funds.

Mr Berri is a sophisticated man, a moderate by Lebanese standards, yet he has to control a 6,000 strong militia in the capital, some of whom would dearly love to exert a little Islamic justice on the less reverent of west Beirut's population.

When the bars were smashed, Mr Berri ordered alcohol to be put back on sale. When gunmen walked the streets with automatic weapons over their shoulders, he briskly told them to go to the front line and asked the city gendarmerie to go back on to the streets. He is a man riding a tiger but - for the present - he was a little miracle on his hands.

Against the expectations of all his enemies, west Beirut has turned out to be a place of law and order under Mr Berri. Perhaps it is because Mr Berri is not from one of the old and cantankerous feuding families. He is from the south, brought up in the poverty of the hill village of Tibnin, only a few



Mr Berri: Hoping for an end to war.

miles north of the Israeli border, and thus has become one with the tens of thousands of Shia poor who grew up in southern Lebanon, shelled by the Israelis, used by the Palestinians, ignored by the financial barons of the country's central Government.

He has eschewed any per-

sonality cult and there is just one poster of him to be found in west Beirut. It is a highly important document none the less, a rare photograph of a much younger Mr Berri wearing a small Muslim beard, shaking hands with Moussa Sadr, the missing divine who turned into both an imam and a cult figure for the deprived of the Shia slums when he "disappeared" in Libya six years ago.

Even more significant is the caption to the photograph: "The founder and the trustee." It is an ingenious device. If Moussa Sadr provided the theological inspiration for Amal, then Berri is now the secular guardian of the movement, the essential pragmatic - perhaps Levantine - ingredient that makes the Shia Muslims of Lebanon as nationalistic as they might have been pro-Iranian.

He is an awkward man to talk to, still uneasy in crowds, a chain smoker who does not drink but has been twice married and - for all his

condemnation of the US Marines in Lebanon - keeps a permanent US residence permit to visit his first wife and six children, who live in Detroit.

He knows that his own constituency lies among the Shia poor who were uprooted from southern Lebanon by Palestinian-Israeli fighting and who constitute a semi-circle of deprivation around south Beirut where they were shelled mercilessly by Lebanese Army guns two weeks ago.

He is still angry about the attack on the suburbs and hates President Gemayel for permitting it to take place. But he is, in his way, a constitutionalist, which is one reason why Mr Musawi broke away from Amal two years ago to found his own far more violent movement in Baalbek. Mr Berri is also a man who may soon inherit much legitimate power in a new Lebanon which is why, with all due diplomatic courtesy, the American Ambassador paid a social call on him the other day, escorted by Amal militiamen all the way.

West Bank official accused in murder case

From Moshe Brilliant
Tel Aviv

An Israeli official in charge of security in the West Bank settlement of Elon Moreh was charged yesterday with collusion to obstruct a police investigation into the murder of an Arab girl.

The indictment filed in the district court alleged that Menachem Ilan, aged 52, had been coordinator of security and in charge of the armory in the settlement on December 8 last year, when a settler allegedly shot and killed Aisha el Bahah in a bakery in Nazareth.

Yonah Harari, of Elon Moreh, was indicted last month for the murder. Another settler, Ephraim Segal, was charged with being an accomplice, and Pinhas Marhab, of Tel Aviv, a security guard on buses, was charged with being an accessory.

Mr Harari, according to yesterday's indictment, reported to Mr Ilan after the shooting that he and Mr Segal had been involved and that someone may have been hit.

Mr Ilan, after hearing on the radio that a girl had been killed in the incident, allegedly told Mr Segal to switch the barrel and the assembly unit of his M16 rifle. Mr Segal was arrested before the change could be made but an associate brought the weapon to the village armory where Mr Ilan is said to have replaced the parts. Mr Harari allegedly snatched the barrel of his gun with Mr Marhab.

Saudis move peace quest to damascus

Damascus (Reuters, NYT) - Crown Prince Abdullah bin Abdulaziz of Saudi Arabia arrived yesterday for talks with Syria on fresh ways to help end the fighting in Lebanon, after Syria's rejection on Saturday of a Saudi peace plan which President Gemayel has accepted.

Recent days have seen a succession of meetings in Damascus between factional leaders. Over the weekend, Shia and Druze representatives met Syrian officials to plan political and military strategy.

Prisoners of conscience



Thailand Anant Senakant

By Caroline Moorhead

A former police major and Buddhist monk, Anant Senakant, is serving a three year prison term for lese majesty - the crime of defaming, insulting or threatening members of the Thai Royal Family. He was arrested after addressing rallies in terms considered by the authorities to be disrespectful of the palace although he insists he was criticizing others for exploiting the Royal Family for political ends.

Major Senakant left the Buddhist monkhood a year ago to campaign against a military attempt to amend the constitution in its favour. In March, he demonstrated peacefully outside Parliament until an Army-sponsored bill was defeated. It was in the course of further non-violent campaigning, always against strengthened military rule, that he was accused of anti-royalist behaviour.

Granted bail on the first occasion, he was rearrested less than a week and charged with the same offence of lese majesty. This time he was refused bail.

Major Senakant has no right of appeal and is apparently being held in Ladyaw jail.



Anant Senakant: monk turned campaigner.

Jordan protests to Libya at burning of embassy

Amman (Reuters) - The Jordanian Prime Minister, Mr Ahmed Obaidat, yesterday condemned the burning of Jordan's embassy in Tripoli, two days ago as a premeditated criminal act and said Jordan has lodged a strong protest with the Libyan Government.

He told the Senate that it was "time to radically evaluate Libyan-Jordanian relations". The Libyan chargé d'affaires, Mr Assalbin Ashour al-Jawhary, had been summoned to the Foreign Ministry in Amman on Sunday and presented with a "strong protest".

Mr Obaidat said Mr Jawhary had requested a meeting at the Ministry yesterday, probably to

Greens insist on MP reshuffle

From Michael Binyon, Bonn

The Greens have decided to insist on their controversial rule that all Green Members of the West German Parliament must hand over their seats to other party members halfway through the parliamentary term.

At a conference over the weekend the Greens decided not to allow any exceptions to this principle. Last year they agreed that a deputy could keep his seat for the full four years if he received 70 per cent of the votes in his Land party organization. But now they say that this would only encourage competition among the Green Bundestag members for personal publicity.

The rotation principle, held to be essential if the Greens are

to keep their links to the basis of the party's supporters throughout the country and are not to become just another political party, has caused tension between those occupying the parliamentary seats and their deputy successors, who have been frustrated by this "shadow" function. The Greens called at the weekend for better cooperation between present and future deputies.

The party's main committee also said future cooperation between themselves and Green MP Gert Bastian, who provoked a crisis earlier this month by withdrawing from the parliamentary faction, was not possible, thought they could work

together in the framework of the peace movement.

The Greens also drew back from formally expelling the former tank general from the party, though the Bavarian branch, which he represents, has not ruled out this step. General Bastian will be asked to explain his actions in Munich tomorrow.

The Gulf between him and the radical ecologists and anti-nuclear activists now looks unbridgeable, however, and General Bastian has hinted that he will apply to join the Social Democrats. He accused his former colleagues last month of falling under communist influence and of one-sided anti-Americanism.

Gulf warning against foreign intervention

Doha, Qatar (AP) - Military officials of Gulf countries, worried that the Iran-Iraq conflict could lead to intervention by the US or other nations to protect oil shipments, gave a warning yesterday against outside interference.

The Kuwait Defence Minister, Shaikh Salem al-Sabah, deplored the threats to the Strait of Hormuz, the main oil shipping channel, and said that a closure of the waterway would precipitate military intervention by the big powers.

"We reject this threat, and shall resist any foreign intervention at all levels," he said in a statement to reporters shortly before a military conference of

the Gulf Cooperation Council opened.

The comments came as defence ministers of Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman held their third regular conference since they were grouped together as the Gulf Cooperation Council. The session opened as the Gulf War was threatening the region's oil exports.

Court of Appeal

Law Report February 21 1984

Queen's Bench Division

Documents wrongly admitted in re-examination by prosecuting counsel

Regina v Harman and Others
Before Lord Lane, Lord Chief Justice, Mr Justice Mustill and Mr Justice Slender
[Judgment delivered February 20]

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Harman and Christopher Davis, who were convicted of conspiracy to steal, were acquitted of conspiracy to damage property and were sentenced to 21 days' respectively of youth custody and detention, and their sentences were varied on appeal to 12 months' conditional discharge. Corsini, who was also convicted of conspiracy to steal and acquitted of conspiracy to damage property, was convicted of damaging property and sentenced to four months' detention, varied on appeal to 300 hours community service. Stephen Davis, who was convicted of the same offences as Corsini and acquitted of conspiracy to damage property, was sentenced to six months' imprisonment which, on appeal, was varied to three months.

Appeals were brought by 13 persons against conviction or sentence arising out of demonstrations on February 14, 1982 at the centre where research involved experimentation on live animals. The premises were destroyed by about 100 people and the Crown's case against the appellants and others was conspiracy to cause

damage at the centre and to steal animals and documents from it.

Mr Stuart Stevens, assigned by the Registrar of Criminal Appeals, for Corbin and Stephen Davis; Mr Robert Grey, assigned by the Registrar of Criminal Appeals, for Harman and Christopher Davis; Mr Derek Spencer QC and Mr Patrick O'Brien for the Crown.

The LORD CHIEF JUSTICE, delivering the judgment of the court, said that, on two occasions at least the prosecution in re-examination put to their witnesses statements made previously by the witnesses. Objection was taken at the trial and on appeal on the basis that that was an irregularity and the prosecution had not the right to re-examine in that way.

In cross-examination one of the witnesses had stated at the trial that he had seen six people each clutching a dog when running from the building and that there were six dogs. Reference was made to a statement which he had made on a previous occasion.

During re-examination the judge permitted prosecuting counsel to direct the witness's attention to a statement made on the day after the demonstration. Counsel asked whether, when the statement was made, the events were fresh in mind and whether that statement was likely to be more reliable.

In answer to further questions by prosecuting counsel the witness then said that three people out of six were clutching animals and there were three animals.

His Lordship said that it might be that there was nothing objectionable in asking a witness in re-examination to refresh his memory from a suitably contemporaneous document. It was unusual but there was no reason in principle why that course should not be taken, provided that the preliminaries were carried out.

What was plainly not permissible was for counsel then to go on and, in effect, cross-examine his own witness about which of the two statements was likely to be more reliable.

Nevertheless, the two documents should not have been admitted in re-examination. None of the various grounds of appeal succeeded and the appeals against conviction were dismissed.

Solicitor: Mr J. J. Goodwin, Chelmsford.

Correction

In Jones v DHSS (The Times February 20) the name of the social security commissioner should have been Mr E. R. Bowen, QC.

No VAT set-off without taxable supply

Customs and Excise Commissioners v Apple and Pear Development Council

Before Mr Justice Woolf
[Judgment delivered February 17]

The occupation, function or activity of a person or body could not constitute a business for the purposes of the value-added tax legislation unless it included the making either of some supplies for a consideration or of something which was expressly treated as a supply by the legislation even though it was not made for a consideration.

Accordingly input VAT incurred in relation to an activity which did not involve the making of such supplies could not be set off against a liability to output VAT.

Mc Justice Woolf so held in a reserved judgment in the Queen's Bench Division allowing an appeal by the Commissioners of Customs and Excise under section 13 of the Tribunals and Inquiries Act 1971 against a decision of a value-added tax tribunal which on April 21, 1983, had allowed an appeal by Apple and Pear Development Council from a decision of the

commissioners that those activities of the council which were funded solely by a compulsory statutory levy did not constitute a business for VAT purposes and that tax incurred in relation to such activities could not be deducted as input tax from the council's VAT.

Mr Simon D. Brown for the commissioners; Mr Andrew Park QC for the council.

MR JUSTICE WOOLF said that the mere fact that services were supplied in performance of a statutory duty did not prevent the supply being made in the course of a business.

Some of the council's activities did involve the making of supplies for a consideration, and was a business; the council was liable to pay VAT in respect of them and could set off input tax incurred in relation to them against that liability.

However, that liability could not be further reduced by setting off input tax incurred in relation to its activities which were funded solely by compulsory levy.

Solicitors: Solicitor, Customs and Excise, Buss Stone & Co, Tunbridge Wells.

Liability for contribution after settlement

Logan v Utlesford District Council

Before Mr Justice Slender

A third party who had ceased to be liable to the plaintiff by reason of an agreed settlement of the plaintiff's claim against him was nevertheless liable according to section 1(3) of the Civil Liability (Contribution) Act 1978 to make contribution to the defendant by virtue of section 1(1).

Mr Justice Slender so held in the Queen's Bench Division on February 17, dismissing an appeal by the third party against the decision of Master Topley on December 19, 1983, who refused to order that the

third party notice and statement of claim be struck out.

HIS LORDSHIP said that any person liable in damages might recover contribution from any other person also liable in respect of the same damage.

Private law remedies under public law rights

An Bord Baine Co-operative Ltd (Irish Dairy Board) v Milk Marketing Board

Before Mr Justice Neill
[Judgment delivered February 15]

It was not an abuse of the process of the court where, in an action claiming compensation for the provisions of certain regulations of the European Community and schemes set up by statute, a party proceeded by way of writ in relation to matters that took place in the field of public law but gave rise to remedies in national courts for the protection of private law rights.

Mr Justice Neill so held in a reserved judgment in the Commercial Court of the Queen's Bench Division in refusing a summons issued by the defendants, the Milk Marketing Board, seeking to strike out parts of the points of claim, of the plaintiffs, An Bord Baine Co-operative Ltd (Irish Dairy Board), as being an abuse of the process of the court.

Mr John Swift, QC, Mr Derrick Turfitt and Mr Christopher Vajda for the defendants; Mr David Vaughan, QC and Miss Hilary Heilbrunn for the plaintiffs.

MR JUSTICE NEILL said that the plaintiffs were a cooperative organization established under a milk marketing scheme made pursuant to the Agricultural Marketing Act 1931 (as amended) by the 1958 Act. They were the sole buyers of substantially all cows' milk produced commercially in England and Wales and produced about 75 per cent of the butter there. After 1979 changes were made to the milk marketing scheme with the United Kingdom's accession to the Treaty of Rome.

The plaintiffs in their points of claim alleged that the pricing system for the sale of raw milk adopted by the defendants contravened provisions of regulations of the

European Community and the milk marketing scheme (as amended) under which the defendants operated in that they sold raw milk to butter manufacturers at different prices depending on whether the butter was to be sold as butter in packets or as bulk butter.

The result, as alleged, was a distortion of competition between "Kerrygold" and butter produced in the United Kingdom, so that the price of "Kerrygold" had to be reduced to an uneconomic extent and losses, including loss of profit, amounted to over £12m.

His Lordship said that, after considering the relevant provisions of the scheme and the various EEC regulations under which price fixing for the sale of milk to produce butter took place and how those decisions were to be reached, he concluded that the way in which prices of milk for sale by the defendants for the production of butter were fixed took place in the field of public law and any decision as to prices was a public law decision. It seemed, therefore, that the remedies sought by the plaintiffs should be obtained by way of judicial review.

However, Lord Diplock in

Earlier entry not within immigration rules

Regina v Secretary of State for the Home Department, Ex parte Himalayashwar

Before Mr Justice Taylor

A British overseas citizen who entered the United Kingdom from the Republic of India in 1958 unconditionally and without restriction upon the period of his stay and who settled in the United Kingdom for three years before returning to Trinidad, was not entitled to be freely readmitted upon his arrival in the United Kingdom in 1983 because his admission in 1958 was not expressly for settlement within the meaning of paragraph 5 of the Statement of Changes in Immigration Rules (HC 169).

Mr Justice Taylor held in a reserved judgment in the Queen's Bench Division on February 20, 1984, that the applicant was not entitled to be freely readmitted under paragraph 5.

O'Reilly v Mackman (The Times November 26, 1982; [1983] 2 AC 237, 235) said there might be exceptional cases where the general rule in particular cases where "the invalidity of the decision arises as a collateral issue in a claim for infringement of a right of the plaintiff arising under private law".

The damages sought by the plaintiffs in their points of claim were for alleged infringements of private rights since contraventions of EEC regulations which had direct effects created direct rights in private law, thereby enabling protection of a private law right in the national court in the same way as an individual could in certain cases sue for breach of statutory duty; see Garden Cottage Foods Ltd v Milk Marketing Board (The Times June 29, 1983; [1983] 3 WLR 143).

Therefore, those parts of the points of claim criticized by the defendants came within the exception envisaged by Lord Diplock and were not an abuse of the process of the court. The summons would be refused.

Solicitors: Clyde & Co; Ellis & Fairbairn, Thames Ditton.

Galleries

**John Hubbard
Fischer Fine Art**

I do not think it is denigratory, for instance, to say that Agnes Martin's



elegantly between figurative and abstract: you know perfectly well that he is painting places, even if you don't know where. But it is not clear whether you are looking at a long shot or an extreme close-up. At least that is still true in the paintings, but this time he shows some wonderfully strong, constructed large black-and-white areas, and the figures are so clearly representational, and make explicit the grasp of construction that it has always been possible to sense somewhere within his most delicate work of colour. And if you stand a little back, look at the stark, stark evolution of his backdrop for the recent Covent Garden ballet *Midsummer*: there the development of colour and form is so consistent, so clear, so tight that it is even more thought this and this painting just somehow happened, you will be forced to think again.

But there is a human face to the government and we glimpsed it last night in *Mediating Divorce* is frowned upon socially and officially. For one thing it means that the sundered partners can start again. So there are 800,000 mediating committees in China going around re-welding joints. We watched one at work.

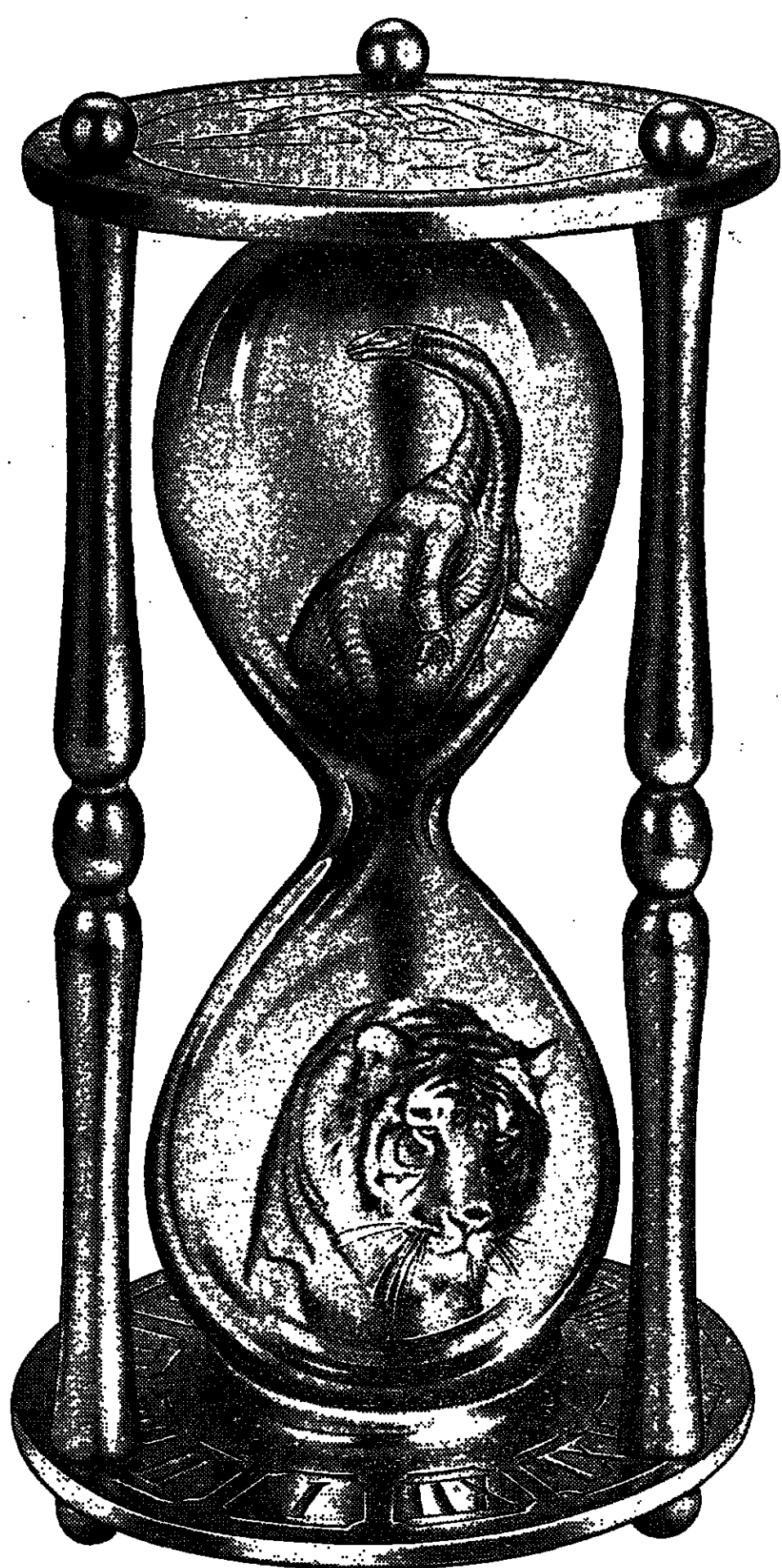
The programme had a portion of proverbs, such as "A person has a face and a tree has a bark" and "We can't eat a steamed bun in one bite", which, if you did not have a Chinese mother-in-law, might be elusive. But the writer-director Peter Montagnon made an absorbing job of it.

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[illegible]



A CAT'S EYE VIEW OF EVOLUTION



140 million years ago oil began to form in the rock beneath the North Sea.

Nothing much happened for a while.

Then 19 years ago we and our partners drilled our first well, and a year and several wells later discovered natural gas.

Discovery of natural gas was followed by discovery of oil.

And suddenly there we were on the threshold of a store of high quality energy that had been locked away for 140 million years.

But as one exploration success led to another, development and production has meant more and more investment.

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Horses and helicopters, poverty and 'progress' - Prince Philip has views on them all, and, unlike the rest of the Royal Family, he is always prepared to air them.

Treading with care among the corns

By HRH the Duke of Edinburgh

There are several snags and pitfalls in trying to communicate with the public. The trouble is that so many subjects are mined with prejudice or festooned with the barbed-wire entanglement of political and economic factional dogma. If you don't tread on a tender CBI corn you are likely to kick a union union, and there is always the risk of setting off a party-political booby-trap.

I find that you have to be particularly careful when the country is going through one of those periods of economic crisis (although they are hardly periods any more - the only let-up seems to be when the major political organizations are undergoing such internal ructions that they are temporarily diverted from the national issues). At such times the air becomes blue with the cross-fire of accusation and denial, blame and excuse, claim and counter-claim, salvos of statistics, barrages of analyses, and economists sniping at each other from entrenched positions. Causes are confused with symptoms, solutions are advanced for unidentified problems, and theories are treated like relics of the True Cross in the Middle Ages. On top of all this, there seems to be a positive relish in the prediction of doom and disaster.

Harping on disaster may be realistic but it cannot be good for national morale. From a listener's, or reader's, point of view there is nothing more deadly than having to sit through endless regurgitations of the currently fashionable comments on what are deemed to be the issues of the day.

I find one of the great hazards of communicating with the public is the existence of certain taboo subjects. We pride ourselves on having freedom of speech and it is true theoretically, but I consider it very unwise to take this too literally. We pride ourselves on having got rid of what are called Victorian taboos but all that means in practice is that some people can indulge their taste for adolescent pornography in public without being criticized. In fact the taboo is now on the other foot - as it were - it is now the critic of public pornography that has to watch what he or, more to the point, what she says.

The peculiar feature of these taboos is that some are only taboos to one group of people while they can be safely knocked by another. I would like to give some examples but I fear all the best ones are taboo subjects for me. Comics and satirical programmes can knock everything, or almost everything. I suspect that even their licence is limited by some taboos. Commercial radio and television are probably more conscious about offending the audience than the BBC, safe, or fairly safe, behind its licence money. It is also a reasonable bet that indiscreet or scurrilous public comments about the proprietor or his friends are taboo in most media organizations.

The common denominator of all taboos seems to be the general acceptance that some institution or doctrine somehow embodies ultimate truth and should consequently not be questioned. Picasso and the Gleneagles Agreement, the Tate Gallery and the GLC, council housing and the Health Service: anyone unwise enough to voice serious criticism of institutions such as these runs a grave risk of being branded a dangerous lunatic. H. C. Anderson wrote the definitive treatise on sacred cows in a little story about *The Emperor's Clothes*. As he points out, anyone who wants to make a favourable impression has to reinforce

the taboo by paying tribute to the currently reigning sacred cows, even though such slavish tooting of the conventional line frequently results in blatant hypocrisy. I was once congratulated by a women's organization for supposedly refusing to dine at an exclusively male club. The fact is that sacred cows thrive on being taken seriously, they cannot stand being laughed at.



Falling off, falling down and getting off horses

It is possible, but supremely unlikely, that anyone with even the slightest association with horses has survived the experience without suffering at least a minor accident.

Some optimists tend to assume that, once you have learned the lesson that horses bite at one end and kick at the other, there is nothing further to worry about. No such luck, I am afraid.

The horse is a great leveller and anyone who is concerned about his dignity would be well advised to keep away from horses. Apart from many other embarrassments there is, for instance, no more ridiculous sight than a horse performing its natural functions with someone in full dress uniform mounted on its back. A horse which stops dead just before a jump and thus propels its rider into a graceful arc provides a splendid excuse for general merriment. It has happened to me, but the horse rubbed the joke in by sailing over the jump and me as I lay partly in a ditch on the other side.

There is a great and, I feel, unappreciated difference between falling off, falling down and getting off. Sometimes it takes a moment or two to recognize what has happened. During one game I had the distinct impression that the horse's head was getting further and further away. The mystery was solved when I bit the ground and found that the girth had broken.

Some injuries - but not many - do not involve the horse at all. The nearest I ever came to doing the splits was when I caught my knee against the knee of a player going the other way. As a consequence I have a beautiful example of what popular medicine describes as "Rider's Bones".

I realized it was asking for all kinds of new trouble when I gave up polo and tried my hand at driving. All went well in the first season but that was



"Anyone concerned about his dignity should keep away from horses"

only beginner's luck. The following year every sort of thing happened. It started when I was doing a bit of water-crossing practice. The water was not quite wide enough and the mud was a bit too soft. As the front wheels sank into the mud the wheels tried to jump the water and I was catapulted on the end of the reins clear across the water on to the bank on the other side.

Having a family which seems to be equally willing to be humiliated by the horse, I have to live with the expectation that they too will suffer injury and indignity. The only advantage of the personal experience of this sort of thing is that I am not surprised when it happens to them and that I am full of sympathy and useful advice for treatment and recovery.



Nuclear weapons: can caution prevail over catastrophe?

The most important challenge of modern technology to mankind is the development of the generation of power from nuclear reactors and of nuclear weapons. Both these products of technology pose baffling dilemmas. Evidence suggests that conventional power stations, together with some of the industries they supply, plus vehicle emissions, are mainly responsible for the acid rain which is destroying forests and killing life in rivers and lakes throughout the northern latitudes. Nuclear power stations may pose other problems, but they do not produce acid rain. Then again, all the evidence points to the successful deterrent effect of nuclear weapons. Although they do not stop small wars or the invasion by stronger powers of their weaker neighbours, they have prevented escalation, and certainly appear to have discouraged armed

conflict between East and West in Europe. Yet many people still seem fervently to believe that wars are created by weapons. The trouble is that any weapon is dangerous the moment it gets into the hands of anyone with the intention of using it.

It is tempting to suggest that nuclear weapons are the ultimate social and cultural challenge of modern technology, but it would not be quite accurate. The question is whether the threat of cataclysmic disaster can possibly bring those traditional origins of conflict, human greed, ambition and good intentions, under some sort of rational restraint and control.



Join me in the march back to the ancestral caves

I make frequent use of helicopters and indeed I very much enjoy flying them myself, but in spite of that I have sadly come to the conclusion that the time has come to ban the helicopter.

The conservation case against helicopters is much the same as the case against Concorde. After all, helicopters use much the same fuel and I daresay if you added up all the fuel used by helicopters all over the world it would probably amount to considerably more than Concorde's are likely to use. Then, of course, helicopters are made from more or less the same non-renewable raw materials and, as these are due to run out fairly soon, the ban would only be advancing the inevitable.

As far as pollution is concerned, the situation is really very serious. If you stand as far away as about three feet from a helicopter exhaust there is an overpowering smell of burnt kerosene and a really dreadful noise. This sort of thing is quite intolerable and should obviously be stopped at once. The situation is even worse if the helicopter is airborne because by the time you can

hear an approaching helicopter it is close enough to frighten the living daylights out of you.

But these are not the only reasons for the ban. In my view, helicopters are quite obviously socially unjust and, as social justice is the aim and purpose of every enlightened political party, this is a very important factor. After all, in proportion to the total population, only a very few people either own a helicopter or make use of one, therefore no one should take advantage of a helicopter until everybody can have one. It stands to reason.

One of the most serious considerations is the really appalling effect the use of helicopters has on executives. They save so much time and effort that there is a significant danger that they might be able to accomplish more work and they might even be able to make a bigger profit than their competitors. This is an extremely worrying situation as it implies that these excess profits are made by shamelessly exploiting the consumer.

If I can persuade you to join me in this campaign the disappearance of the helicopter is assured and then we shall all be able to hold our heads high - as we march steadily back towards the caves our ancestors so foolishly vacated such a long time ago.



How do we tell our grandchildren what went wrong?

For the first time in history man has got complete control over his habitat. We can, if we so wish, or if we just let things slide, grossly overpopulate the earth. We can, if we so wish, pollute the land, the water and the air. We can, if we so wish, exterminate any or all animals which might get in the way of our farms or cities. We can, if we so wish, convert all the jungles and the deserts and the swamps and the mountains into some form of usefully productive land. I daresay we could grow strawberries on the top of Mount Everest if we really tried. We can, if we so wish, cover the whole landscape with concrete to give all the motor-cars a chance to drive about at the same time. If we can do all these things, surely we can decide what sort of habitat we would like to live in. In first and then make plans to achieve it.

I do not aspire to speak for anyone else but I know what sort of habitat I would like to see. First, I would like to see a stabilized world population so that we need make no further demands on land resources. I would like to see farming techniques in all countries developed in sympathy with the needs of wild populations, but to the point where no one need go hungry.

There will always be poverty and oppression, hunger and lack of opportunity in some corner of the world. There always has been and there always will be. These are recurring problems requiring continuing solutions.

Conservation is dramatically different. It is really a case of now or never. Wildlife is being threatened and eroded as never before in history. If we do not get the answer right now, there will not be a second chance, and this, our generation, will go down in history as the people who failed by neglect and indifference to take decisive control of our environment for the benefit of our successors in the future.

Of course we may all be dead by the time the full horror of our neglect becomes apparent, but I for one do not relish the idea of my grandchildren asking me what went wrong.

Extracts from *Men, Machines and Sacred Cows* by HRH Prince Philip, published on February 27 by Hamish Hamilton, price £8.95.

Tomorrow

Polo and progress

moreover...
Miles Kington

Charity work

People who do very unusual jobs indeed. No 17: A Charity Bank Robber. X is a soft-spoken man of about 40. He works in the City, under a different name, as a stockbroker. About once a month he organizes and pulls off a bank raid. Afterwards, he gives all the money to charity.

"It started about four years ago," he told me over a pint at the Marquis of X, a well-known pub in ECX. "I was doing a stint for a local charity, holding a collecting tin in the High Street - Lifboat Week, probably as I seem to remember wearing a yellow cape. Anyway, I'd been there all morning when suddenly there was an armed raid. I saw a thing apart from a traffic warden being coshed over the head, but that's quite normal in the stockbroker belt.

"Anyway, I read afterwards that the thieves had got away with £50,000. And I couldn't help reflecting that my collecting tin had amassed a total of £16.70, including several Belgian francs and a luncheon voucher. The more I thought about the unfairness of this, and the more I thought what a lot of good £50,000 could do, the more I secretly found myself wondering about the possibility of switching from collecting tins to shotguns."

X's first raid was on the local office of the X Building Society. He was quite nervous, but only because he often played golf with the building society manager and didn't want to be recognized. Otherwise he was totally calm.

"I think that if you know your crime is in a good cause, you do stay calm. You don't feel like a criminal. You collect the money and hand it over as soon as possible to a good cause, and then forget about it. That first time, I made the mistake of trying to keep things clear by signing a receipt for the money, because even building societies have to keep their books straight, but luckily I signed it X and filled in a little box saying 'Does not want publicity', so they never connected it to me.

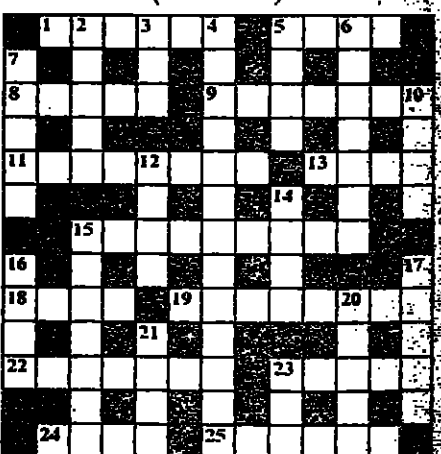
"The most dangerous bit, actually, is getting the money to the charity. Annually I donate about two million pounds more than I actually earn, so if it is linked with me there might be some awkward questions asked. For that reason I prefer to give the money anonymously. Whenever you read of some large sum given to buy a painting for Britain, or as a donation to an educational institution, and the donor prefers to remain unknown, that's usually me."

X has never kept a penny of his proceeds except to cover the costs of stationary and parking fines. He has no qualms.

"The money I take from the banks would only be lent to Brazil or Poland and never seen again. I like to think I am reinvesting the money wisely. Incidentally, where do they keep the cash at *The Times*?"

I said I didn't think they had any at *The Times*, made an excuse and left.

CONCISE CROSSWORD (No 273)



- | | | |
|--------------------------------|-------------------------------|----------------|
| ACROSS | 1 Flip drink (3,3) | 3 Negative (3) |
| 5 Deficit (4) | 4 Pompous in style (13) | |
| 8 Harbour guide (5) | 5 Taste with tongue (4) | |
| 9 Antiquated (7) | 6 Looser (7) | |
| 11 Dress industry (3,5) | 7 Fiery particle (5) | |
| 13 All right (4) | 10 Small W Indian islands (4) | |
| 15 Arthur's sword (9) | 12 Loose scrub (4) | |
| 18 Gas tube (4) | 14 French abbey (4) | |
| 19 Water conduit (8) | 16 Form web (7) | |
| 22 Nouvelle vague cinema (3,4) | 17 Fence support (3) | |
| 23 Strong case (5) | 20 Throat flap (5) | |
| 24 Enclose (4) | 21 Light device (4) | |
| 25 Jungle man (6) | 23 Rocky hill (3) | |

SOLUTION TO No 272
ACROSS 1 Billy Bunter 9 African 10 Abyss 11 Top 13 Ergo 16 Kill 17 Linger 18 Chad 20 Amos 21 Quaffs 22 Orgy 23 Sour 25 Feb 26 Erica 29 Imagine 30 Agony column
DOWN 2 Ring 3 Lard 4 Bunt 5 Neap 6 Elysium 7 Water closet 8 Small secon 12 One off 14 Gilt 15 Endure 19 Angling 20 Ass 24 Odium 25 Pans 26 Zinc 27 Wail



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LEATHER FASHION by Suzy Menkes

Leather is the stuff that Hollywood's dreams are made on. Skin has been transformed since Marlon Brando first put New Brutalism on a bike. Raunchy black leather now hangs on the rails of high street stores and suede comes in all sorts of surfaces. Yet the Bad Boy image of biker clothes lives on - and gives an extra appeal.

Next month, our most wholesome High Street store puts on sale a short, tight back leather skirt - the kind of thing that used to be advertised mail order for dubious purposes. Selling skin is high fashion say Marks and Spencer, who have had some of their most surprising successes with men's pigskin blouses, suede trousers and now the black leather.

Leather straight skirts have been the one overriding fashion story of the winter, just as leather trousers and blouses have been. All these items are now being absorbed into wardrobes as fashion classics along with trench coats and navy blue blazers. The difference lies in the image.

Marlon Brando in *The Wild Ones*, Marianne Faithfull gripping the saddle in *Hill on a Motorbike*, Ann-Margaret in *The Swinger* and the imitable blue-jeans-and-black-leather Elvis in *The Rat Patrol* all stamped leather with the mark of rebellion. These were all films of the 1950s and 60s and from that time we can date leather as a subversive fashion force - even if it became generally recognized only with the Punks 20 years on.

Fashion designers were swift to see the potential of leather when the rock-street style broke cover. Claude Montana first encapsulated the spirit of negro gear, complete with biker's chains and studs and an uneasy sense of menace. He has gone on to make skin his speciality. The Italian designers also made the most of the macho qualities of leather, building up a muscular silhouette with broad padded shoulders and quilting.

But leather has two different faces - its tough, dark, brutal exterior and its softer underside, reflected in fashion by the palest of chamais and nubuck, glove soft kid and tender lambskin. The gentle image of skin is worked on by Jean Muir, with her jackets tucked and pleated like cloth; by the leather specialists who really understand the different qualities and finishes; and by an increasing number of designers who have come up this spring with dresses and shirts in sandy saffron colours that are a world away from black biker leather.

I am often asked what the difference is between the luxurious leathers and the chain store versions. I tend to answer not with the technicalities of tanning, but by



GUY GIRL on a motorbike



talking about touch. You can tell fine leather by the weight, the feel, the suppleness and by the way the colour glows in the skin. All this does not make much difference if you want a leather straight skirt for effect. If you are thinking of an investment in your future wardrobe, you will get what you pay for.

Charles Jourdan are cobblers turned dressmakers with their range of leather clothes that complement their shoes. They started to produce fashion in skin four years ago, working almost entirely in the quality angoumois and using this season the pale beige, grey, red and rust found in their current collection. They also have calf suede, lamb suede and pigskin, all with a sensuous deep pile surface.

Loewe, the Spanish leather house, make their clothes like they make their luggage - with elegance and style. Colour is a speciality, with peach, pistachio green and tea rose pink the fashion colours for spring, along with indigo blue suede, especially effective with white leather.

Hobbs is a shoe store which has expanded into leather with a range of high fashion leather designed to work with the rest of the separates range. Leather and suede worked with other materials like canvas, hessian and heavyweight linen is a strong trend for spring. So is the one piece dress, especially the safari dress, good in sage green or sandy beige from Maxfield Parrish.

The leather jacket seems to have taken over from the spring suit as the garment to take us from winter warmth to lightweight cottons. The lure of leather at this time of year is precisely that it is practical for now.

But is leather ever really practical? All the specialist companies are at

pains to advise customers on maintenance. My general advice is the old adage that if you have to ask you cannot afford it. Looking after suede is expensive, in spite of the various stain resistant sprays. Pale cream chamais shirts are not designed for women who cook chips, write with felt pens or work up to their elbows in axle grease.

Part of the appeal of leather is its luxury quality. The rest is to do with the sensual feel of skin on skin. That applies as much to biker leather as it does to the most delicate suedes, for the movie stars were the first to make the connection between leather and sex appeal. After all, does anyone believe that Marianne Faithfull on her bike wore anything underneath?



Top: her glove soft peach leather three quarter jacket £540 and slim skirt £266, peach and white linen shirt. All from Loewe, 25 Old Bond Street, W1, 47-49 Brompton Road, Knightsbridge SW3. His sand suede safari jacket by Claude Montana £695. Black on sand patterned shirt by Fowler and Timney £79, stone cotton trousers by Katharine Hamnett £46. All from Browns, 27 South Molton Street, W1.

Far left: nubuck and cotton twill jacket by Hollies in saffron sand/beige, £88. Nubuck trousers in chamais colour only £114 from a selection, both at Dickins and Jones, Regent Street W1. Avanti, Shipley, Yorks, Chic, Plymouth, In Leather, Inverness. Motorcycle from HONDA (UK) LTD. Hair by PETER FORRESTER at DANIEL GALVIN. Photographs by MIKE OWEN

Above: her Marks and Spencer leather straight skirt, fully lined, black only, £89.50 from mid-March at big city Marks and Spencer stores including Marble Arch, Edinburgh, Manchester, Pillar box red blouson jacket with detachable sleeves by Carapace, £335 to order from Harvey Nichols, Knightsbridge, SW1. Disc earrings by Corcoran, Scarlet pin heeled courts £49.99 from Katrina, South Molton Street W1 and King's Road, SW3. His black leather sleeveless biker jacket £80, thunder grey stone washed jeans £23 both from Johnson's 406 King's Road, SW10 and Kensington Market W8. Metro, Glasgow. Xstramas, Liverpool. Street Clothes, Leeds. White Save the Whale T-shirt (£1 to the fund), by Katharine Hamnett £25 from Browns, South Molton Street, W1.

Angela Gore



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NOVA L E PORT

An Italian invasion of London started last week with the arrival of Gianni Versace.

I lunched with him at the Ritz filled with spring sunshine and sober-suited businessmen. Among them Gianni's subtly checked green tweed jacket sung out in colour and style. Gianni, who has just shown his latest menswear collection in Milan, says that he is currently more interested in men's clothes than women's. The male approach, with much less change and fewer seasonal gimmicks, appeals to him. He threatens to shock his audience one day with a capsule collection of just 12 women's garments.

"But I don't believe in this phrase that 'less is more' in fashion," says Gianni, who was in London to marshal the troops who sell his fragrance. "I have never worked so hard at fabrics, colours and design. For me, more is more."

Last night, the directors of Regine held a grand party for Gianni Versace, whose women's shop they open in London tomorrow at 23 Brook Street.

Even more grandly, the burly Gianfranco flies off by private plane

FASHFLASH

this morning to complete his collection, which is based on the principles of cut and line which Ferre - trained as an architect - has made his hallmark.

His office in Milan - all harsh concrete, a curve of black steel and a few minimal objets d'art - is in contrast to his fluid and elegant clothes that are very feminine. "I believe that women want simple clothes, but that simplicity comes from understanding the shape of the body," says Gianfranco Ferre. "Designing for women is quite different from designing a building."

On Wednesday the new Basile boutique opens at 21 New Bond Street, yet another Milan designer name to come to Britain. It completes a trio of Italian stores for owner/banker Peter Bertelsen whose Erreuno boutique at 15 Sloane Street also opened last week. New at his Valentino store (160 New Bond Street) will be the couture collection. A capsule range of 10 outfits will go on display from today along with the ready-to-wear. A fitter from Rome

will fly in, tape-measure at the ready, to match customer to finished garment.

Men are getting bigger - or perhaps it was just the generous shapes of everything from suits (with wider trousers) and sweaters with wide shoulders and body lines - that gave Imbex its big, bold feeling.

The International Men's and Boys' Wear Exhibition held at Olympia last week had a mass of stands from home and abroad, with the accent very much on international sportswear. Tailoring seems to be making a surprising comeback in some of the designer ranges, with the sports jacket actually competing with the favourite diomson jacket for the autumn. Summer business wear for 1985 showed this trend, in the Student Fashion Competition organized by Imbex to emphasize the incoming trends. The big unlined suit with button two jacket showed the new way with tailoring.

Spectator sportswear was another important student category, in an exhibition that seemed to have

sweaters sprouting out all over. The sweatshirt is still a favourite shape for casual clothes, but student designers had their minds on protection. Their garments had to include a protective outerwear, and long-line waterproof jackets in proofed cotton or man-made materials was the favourite line.

Dressing in layers is still the way to keep warm for winter '84, with the loose gilet an attractive and practical garment - especially for the angler who wants pockets large enough for the most boastful catch.

Cotton's new role as an autumn/winter fabric echoes a trend that has been seen on the streets. The smartest sweaters are geometrics, with abstract blocks and squares of colour bi-sectioning the body. The shirt comes out on top, designed to be worn with a sweatshirt or under vest, and looking good in self checked, flecked and striped fabrics strongly influenced by the Japanese.

Jeans have not yet faded away - except for the intentionally faded and stone washed finishes that have now become denim classics. Newest jeans are cropped or baggy at the hipline, tapered to the ankle to give the requisite big line.

Left: shapely back-buttoned sheath dress by Charles Jourdan, beige only, £395 from 29-43 Brompton Road SW3. Heavy metal buckle leather belt by Otto Glanz £23 from Harvey Nichols, Knightsbridge SW1.

Above left: sage green sleeveless safari dress by Maxfield Parrish, beige, brown, blue and citrus brights, £250 to order from Taylor and Hadow 37 Beauchamp Place SW3. Deep-sleeved sweatshirt £18.40 from all Bannetton and Tomato branches. Crafted leather earrings by Slim Barratt £9.50 from Contraband, Gees Court, W1.

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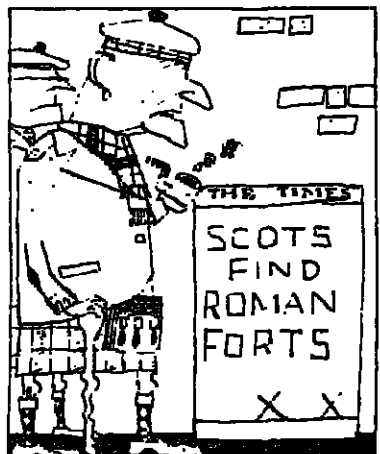
Achtung, Deutschland

Met Brooks, the gnomish genius of the silver screen who has been displaying his talents all over the British media for the past week or two, may find he is exposing himself on more risky ground next week. He is to make a surprise attack on West Germany to promote his new film, *To Be Or Not To Be*, a remake of the Ernst Lubitsch comedy classic, which has the Jewish Brooks impersonating Hitler, among a number of other Nazi spoofs. The irrepressible Brooks has already hit trouble with the sensitive Germans: the cover for the film's sound-track album, which bears the inscription "We have ways of making you dance", ran into legal difficulties and the album is having to be reprinted. On Monday, though, Brooks is to wear Nazi helmets and possibly carry fake guns when they appear before 200 journalists in Hamburg. One can only hope that, with their much vaunted efficiency and capacity for hard work, his German hosts can develop a sense of humour - quickly.

Sam, Sam...

When Samuel Beckett arrived at the Riverside Studios in London yesterday to begin a fortnight of rehearsals with the San Quentin Drama Group, he was greeted by an old boy of the school where he once taught briefly, Campbell College in Belfast. Beckett, who is taking *Godot*, *Krapp's Last Tape* and *Endgame* to Australia, was dismissive about his days as a teacher, which lasted just one term. The crunch came, he said, when the headmaster entered a classroom to find Beckett sitting at a window and the entire class asleep. Not surprising, perhaps, from the man who, when told he was teaching the cream of Ulster, replied, "Yes. Rich and thick."

BARRY FANTONI



'Legend has it they were cancelled after late completion'

Caveat emptor

What happens if you pay for something in advance and the company goes out of business before it can deliver? The National Federation of Consumer Groups, based in Newcastle upon Tyne, says thousands of customers' pounds that disappear in insolvencies each year could be saved by "imposing a trust" on advance payments. The federation supplies kits of prepayment stickers and receipts in proper legal form to give protection - and it is finding its clients are alive to the dangers. Six of the kit orders already received contained the £1 payment with a demand that it be held in trust until the goods are delivered.

● It isn't only charity that begins at home. Inquiring at Tory Central Office about a new MP, I was told: "Why don't you look in *The Times Guide to the House of Commons*? That's what we use all the time."

Dismounting

The West Country foxhunting world is to suffer another blow, just two weeks after the death of that legendary huntsman, the Duke of Beaufort. Major John Berkeley, who announced that because of a painful hip injury, he is to give up the jointiership of the hunt that bears his name. The major, who lives at Berkeley Castle, Gloucestershire, has carried the master's whip for 24 years. Now, for only the second time in eight centuries, there will be no Berkeley at the head of the pack.

Pompety-pom

The Elgar industry is in full swing for the fiftieth anniversary of the composer's death on Thursday and times are, of course, particularly good for biographers of the great man. After the Westminster Abbey memorial service, Michael De-la-Noy will present the Queen Mother with a copy of his book, which recounts how in 1931 the then Duchess of York attended the recording at Kingsway Hall of Elgar's *Nursery Suite*, inspired by the princesses Elizabeth and Margaret but dedicated to their mother. Another Elgar author, Jerrold Northrop Moore, will be presented to the Duke and Duchess of Gloucester at the London Philharmonic's commemorative concert. As far as Elgar himself is concerned, perhaps the ultimate tribute will come on Saturday at all places, Paddington station, Simon Rattle, principal conductor of the City of Birmingham Symphony Orchestra, will name Intercity locomotive 50007 "Sir Edward Elgar".

PHS

Christopher Walker meets the man whose war fuelled Lebanon's anguish

Sharon: no regrets, no remorse

Jerusalem As Druze and Muslim militiamen stormed victoriously down the Lebanese coast last week, the chief architect of the unresolved Lebanon war and candidate for the Israeli premiership was tending a flock of new-born lambs on his 1,000-acre farm on the fringe of the Negev desert.

Far from showing any regrets about the June 1982 invasion, General Ariel Sharon, then Defence Minister and now Minister without Portfolio - the post to which he was demoted after the critical Kahan report into the Beirut massacres - was in combative mood, criticizing the "double standards" by which the West judges Israel and lambasting a string of American advisers, "Arabists" whom he accused by name, of misleading President Reagan and causing the collapse of US policy in Lebanon.

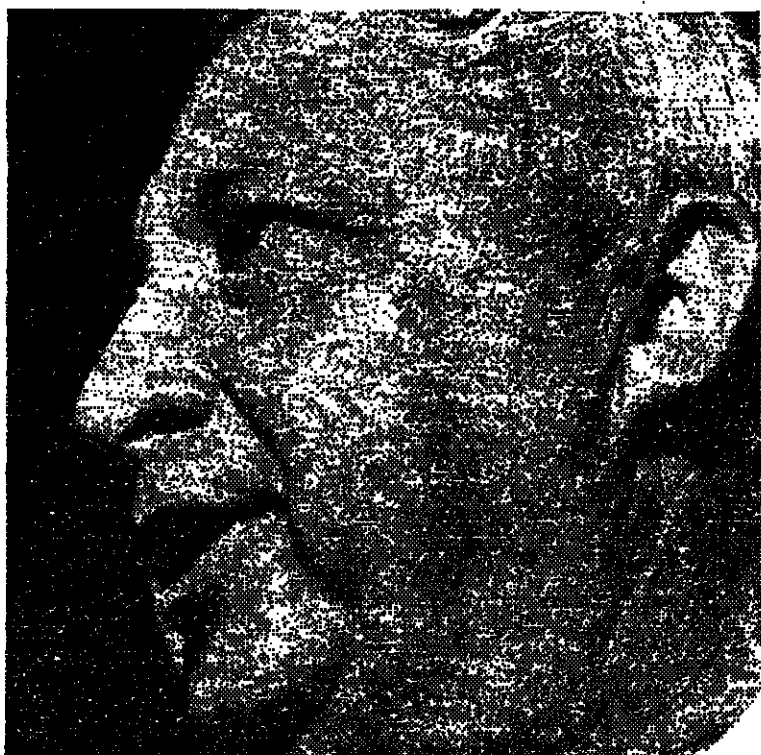
"What sorrow do you think we have to feel because we decided to eliminate that kingdom of terror which caused so much bloodshed around the world, including in Great Britain," he said when asked if he had any regrets. "In Britain, you call the people who fought in Beirut guerrillas, while the terrorist who acts in Britain, you call a terrorist. That is a first-class example of double standards."

With a rare combination of lucidity, pride and belligerence, Sharon analysed how the world's attitude had gradually changed in reaction to Israeli exploits - the capture of Eichmann, crossing the Suez Canal, the Entebbe raid, the attack on the Iraq nuclear reactor and finally the expulsion of the PLO from Beirut.

"All of you were looking at us with astonishment, sometimes with admiration, asking how such a small country dared to do such things. Then it turned to jealousy, then to anger and finally to hatred. Why did that change happen? Because we did what you had to do and could do, but which you did not dare to do."

Always attack, the guiding strategy

As he spoke, it was hard not to be reminded by the man Menachem Begin often referred to as "Men of the Desert". Although Sharon himself poo-pooes the comparison (first suggested by one of his aides), he spoke forcefully of his forthcoming campaign to try to seize the leadership of the right-wing Herut party (and thus of the governing Likud coalition) from Yitzhak Shamir, the present prime minister. Israel leftists are already saying that hyperinflation and Israel's myriad other problems provide fertile ground for a "strong man" to come to power.



In involuntary retirement, the man who would be chief

When Sharon announced his bid for the premiership earlier this month, he was widely cheered by students at Tel Aviv's Bar Ilan University. Despite the condemnation by the Kahan commission and widespread criticism of "Arik's War" in Lebanon, there is no denying his popularity at the grassroots of his party.

A man who in both military and political strategy exemplifies the maxim of attack being the best form of defence, Sharon has perfected his rebuttal of his dismissal from the Defence Ministry. He declares that the report was "staggeringly misrepresented by the western world for its own purposes, and its findings deliberately used by 'the Arabists' in the United States government to weaken Israel."

Rehearsing a theme likely to resound from the hustings at the next election, Sharon said: "One of France's leading philosophers told me recently that the day of Sabra and Chatila was for the world not a day of grief, but a day of joy, not a black day, but a pink day because the world needed a Jewish murderer - even if one did not exist."

"I would not like to use the expression 'the Christian world', but what happened no doubt helped to get rid of certain self-guilt and made it easier for people to have less moral obligation towards the Jews." Such sentiments may win sympathy from voters who put the Likud into power in 1977. "I think that heavy damage has been caused to the Jewish people and to Israel as

a result of the Kahan commission," Sharon said. "When you consider that no Israeli troops, officers or politicians were involved, and compare it with the massacres which have been taking place in Lebanon recently - without a word of blame - you can see the double standard." Surprisingly for a man who has been a minister for nearly seven years in a cabinet financially dependent on the US, Sharon reserved his most scathing comments for senior US officials such as Samuel Lewis, the ambassador in Tel Aviv, whom he described as "the cornerstone of the present failure of American diplomacy in the Middle East."

'We should have finished them off'

Sharon's reputation as the politician most ready to stand up to Washington could make his attempted comeback more realistic should this, or any future US administration, try to break the Middle East stalemate by putting pressure on Israel to soften its policy in the occupied West Bank.

The other Americans whom Sharon attacked included Caspar Weinberger, the Defence Secretary, and the former Middle East envoy, Philip Habib. He accused them of refusing to press for Syria's withdrawal from Lebanon and of deliberately fostering the conditions which led to the recent leftist militia victories. As a result, the US had lost

everything, he argued, while Israel had at least maintained its hold over the security belt in southern Lebanon.

Apparently convinced that most of Israel's setbacks were the result of American influence rather than mistaken policy, Sharon painted a dramatic picture of his struggle with the American "Arabists".

"Here, in this very place you are sitting now, Ambassador Habib was sitting for six hours (on September 25, 1982, a week after Sabra and Chatila) and on his left was Ambassador Lewis. On that day, I failed to convince them to let Israel finish arresting, catching and - if they were acting - killing terrorists who were still in West Beirut in breach of the agreement."

Sharon's theme of plucky Israel being constantly denied victory by big brother America started in the opening week of the war, when he claimed that Washington had made a "major mistake" by forcing the Israelis into a ceasefire. "If we had been allowed a few more hours more against the Syrians, all the present chaos in Lebanon would have been prevented because the Syrians would have been forced to retreat from the country," he said.

At the age of 55, Sharon, still looking boyish despite an expanding paunch and a thatch of grey hair, is obviously woefully under-employed.

Enthusiastic remarks about his return to the land (he is a farmer's son) failed to disguise his desire to get back to the centre of the political stage which he was forced to leave so unceremoniously 12 months ago.

He has responded to detailed criticism of his conduct of the war - including charges in two new Hebrew books that he misled both the cabinet and the Knesset about its scope - by lending his voice to those demanding an official investigation. But he told me that it is just as inside the cabinet as Israel's opposition and "certain sections of the media" which he accused of giving false hopes to the PLO and thus prolonging the fighting.

"I think people are making a mistake when they look at Israel today and think that it is weak, worn out, that it has lost its determination and its goals," Sharon said. "Israel is a real democracy, so there are divisions and conflicts, but when it comes to the essence, to questions of life and death, all that will disappear in twenty-four hours - if not less."

Before he left - appropriately, as an accomplished musician, to attend a performance of *The Magic Flute* - Israel's most famous living hero gave a pledge to return to dismay those western diplomats who had hoped Lebanon had buried his ambitions for good: "With God's help, I will be active in political life until the year 2000."

John Carlin on the choice facing the voters of El Salvador

Negotiate or exterminate?

raiser to all its election rallies: "Tremble, tremble, communists, El Salvador will be the tomb... where the Reds will meet their doom."

D'Aubuisson himself always arrives at these rallies in a convoy of station wagons, windows painted black, out of which spill bulky, beady-eyed bodyguards, pistols in their belts, machineguns at the ready.

The military hardware remains highly visible throughout d'Aubuisson's typically rapid-fire speech-making, undercutting somewhat his insistently stated preference for ballots over bullets.

D'Aubuisson tries to bring to life his tacitly threatened audiences by heaping comic abuse on "El Loco Duarte" and his "Cretin Democrats". In the countryside, he forever impresses on the peasantry his party's commitment to that United States-imposed threat in the side of El Salvador's patrician right - agrarian reform.

D'Aubuisson claiming credit for agrarian reform is like Hitler claiming credit for the creation of Israel," says Bernard Packer, an American labour adviser in San Salvador.

"Arenazis" is one of the insults with which the Christian Democrats

retaliate. Duarte has nicknamed d'Aubuisson "Roberto d'Escudaron", after El Salvador's much feared *escuadrones de la muerte*, or death squads.

The belief in Washington that d'Aubuisson is one of the masterminds behind an extensive death-squad network prompted the State Department last December to deny him an entry visa to the United States. It will not be just red faces, however, that will be found in Washington if d'Aubuisson is elected president.

In that event, the Reagan administration fears that Congress might refuse, or at least severely restrict, military aid to El Salvador at a time when, by common consent, aid alone is the barrier holding back a guerrilla victory.

But even if the necessary level of military aid were somehow sustained, US officials are concerned that a possible surge in human rights abuses under d'Aubuisson could further polarize the country's four and a half million people.

A moderate Salvadoran politician, now exiled in Mexico, said recently in an interview that if he were a guerrilla he would vote for d'Aubuisson. He was drawing an analogy with Nicaragua, where, it is

generally agreed, the revolutionaries won so quickly in 1979 because the people had one clearly visible target, Somoza, on whom to focus their long-standing resentments.

"The people of El Salvador are impoverished and resentful too," the exiled politician said. "The spark for the general insurrection the guerrillas dream about could come when repressive government takes the flesh-and-blood shape of one man, d'Aubuisson could fit the bill perfectly."

If d'Aubuisson as president would stoke revolution, Duarte, a populist in the Peron mould, would defuse it. But many sectors in the armed forces, the key political determinant in El Salvador for the past 50 years, distrust Duarte.

They distrust him first because of the resentment they suspect he feels against them after Colonel Arturo Molina deprived him of the presidency in 1972 by brazen vote-rigging and, second, for his conciliatory tendencies.

At an election meeting in a Pacific coast town recently, d'Aubuisson issued a warning to his ex-colleagues in the armed forces that a Duarte victory would provoke the same backlash against them as President Alfonso's election did against the military in Argentina. It is a sobering thought for officers in a country which Amnesty International, among others, has consistently numbered among the world's leading human rights violators.

Not surprisingly, Salvadoran moderates and US officials alike fear that a Duarte victory could provoke a military coup - a possibility which recently a Christian Democrat speaker on the same platform as Duarte conceded, after a painful silence, to be "highly plausible".

If the guerrillas, predictably, revile d'Aubuisson, they despise Duarte. They see him as a man who sold out on an original commitment to reform through his craving for personal power.

The guerrillas say that Duarte's words ring hollow after his 15-month junta presidency, a period when human-rights abuses reached a peak, and promised reforms failed to materialize.

More charitable critics of Duarte say he was simply overruled and overwhelmed by the - ultimately - all-powerful military establishment.

"Neither Duarte nor d'Aubuisson will detain the revolution," goes a favourite guerrilla slogan. They will not accept the Duarte "negotiate" option unless they are guaranteed a share of power in a new government - a premise unacceptable both to Duarte and to the US. d'Aubuisson's "exterminate" alternative appears somewhat wishful, given the guerrillas' present military buoyancy.

But, even leaving the guerrillas aside for a moment, the dangers of a coup, of trampled human rights, of ineffectual government, of military collapse following a cut in aid - even, a notion much ventilated lately, of direct US intervention as an antidote to potential chaos - all indicate that El Salvador's experiment in democracy is as likely, at least, to be jeopardized as it is strengthened by Saturday's election.



José Napoleon Duarte 58, a civil engineer. In 1961 founded the Christian Democrat Party to establish a "third way" between capitalism and Marxism. From 1964 to 1972 was mayor of San Salvador, winning popularity for his zeal in modernizing the city and developing community projects for the poor. Denied the presidency in 1972 because of electoral fraud, he fled to Venezuela, where he lived for seven years. From December 1980 to March 1982 was president at the head of an ultimately ineffectual military-civilian junta. Critics say he is a tactically egotistic, convinced that only he can save El Salvador.



Major Roberto d'Aubuisson 40, graduated near the bottom of his military academy class in 1963. Trained in counter-insurgency in Uruguay, Taiwan and the US military school in Panama. In the 1970s was second in command of a secret intelligence network inside the National Guard branch of the security police. In 1981 a former US ambassador accused him of being a "pathological killer", implicating him in the murder of Archbishop Oscar Romero in March 1980. Arrested in May 1980 for alleged complicity in plotting a coup but soon released. Retired from army the same year and founded Arena.

Roger Scruton

Out with stately, enter the state

Wealth taxes and death duties, which produce very little revenue for the state, have many evil consequences. They transfer wealth from private to public ownership, so severing the connection between the holding of wealth and the prudent use of it. They discourage the creative and the industrious from exploiting their talents.

They undermine the attempt to found a durable household, for the benefit of one's children, and one's children's children. Hence they divorce property from procreation, and edge us towards a future in which men will live for the moment alone, with no intelligible loyalty towards the unborn or the dead. Wealth taxes are a sop to envy and an insult to success. In short they are the modern equivalent of the medieval sumptuary laws, whereby monarchs attempted to humiliate their more creative subjects.

There is no more vivid example of these taxes than the fate of our stately houses, and the gradual extension of the dead hand of the National Trust over these once glorious living institutions. I am not the only person who groans aloud at the news of another noble pile destined to be eternally fossilized "for the nation's sake" by an institution which, while purporting to represent the nation, is in truth the smooth apologist for the injustices of the state. For many people, when they enter these tombs from which all traces of life have been removed, shudder at the impious work of the trust, in so uncouthly concealing the life-deceiving taxation upon which it feeds.

Consider how it happens. After centuries of prudent housekeeping, in which a beautiful landmark is maintained at no public expense, and a collection of minor paintings, tapestries and furniture slowly gathered into a single place, the final crippling demand for death duties brings a family to its knees. It can escape the tax only by offering the house to "the nation", along with all the contents and a sufficient sum for maintenance.

The family may perhaps be permitted to reside in some small portion of the museum, as one interesting exhibit among others. But it resides there as a humiliated vassal in its own ancestral domains. In this way, there occurs a "gift" to the nation of one small part of the nation's life, so that "the nation" can kill it.

The consequences are the following. The state does not gain the unjust revenue which it had sought. In fact it gains nothing. The National Trust, meanwhile, gains another liability, and proceeds to maintain imprudently and lavishly, as a mausoleum, what had maintained itself and many beneficiaries prudently and modestly as a house. The trust moves in with an army of experts, to dissect and catalogue the sad remains of a life that will never again be re-established in these

rooms - for gifts to the trust are inalienable. The self-conscious muddle of a family household gives way to an "authentic" interior, concocted by a fashionable Chelsea decorator. But it is not concocted for anyone; he does not paper over the traces of one life in order to prepare it for another, but rather so as to extinguish life forever. His task is to create, not a house, but a museum.

Those cupboards, chests and writing tables, those carpets and tapestries, those landscapes and family portraits, all of which were once the source of the liveliest domestic pleasure, have ceased to be the familiar companions of a daily routine. Detached from their ancient uses, placed stark and immobile in their new barbarous arrangement, they seem embarrassed and uncertain, as though stripped for a medical inspection. For the first time their minor character, their "second bestness", is made apparent. Gone is every circumstance that made them meaningful - the kitchen smells, the scuffle of dogs and children, the clamour of visitors and the attentive routines of ownership. These objects have fallen out of the human worlds of ownership into a void from which they can never be retrieved.

The country house was a source of constant expenditure and employment. It provided an endlessly renewable pattern of redistribution, whereby wealth acquired both in the country and the city could create profitable employment for the villages. And not only employment, but life, interest, and spectacle. With the arrival of the National Trust, all that ceases forever.

For a year or more - as at Canons Ashby, and now Kingston Lacy - the house is closed, while the experts make their ghastly inventory and the decorators move in to take charge of work which can no longer be entrusted to the "nanny" or village painter. Huge sums are squandered in the act of taxidermy before the house is reopened in its new, urbanized form. A few locals will again find employment there, but in work which no longer has, for them, the charm of historical loyalty, or the satisfaction of a domestic life.

Visitors come, anxious to see the patina of a life that was more than comfortable in a house that was more than functional. But the patina has been rubbed out, the furniture fumigated and repolished, the kitchens emptied and the stables closed. That people come is a testimony to their deep respect for the country house as an institution and a symbol - a respect that is surely stronger than the envy which our wealth taxes are designed (one supposes) to appease. That they go away so mournfully is, however, a testimony to the enterprise of the National Trust, which extinguishes one after another these little fires of our national inheritance in the ice-cold waters of the bureaucratic state.

Robin Cook

Spending without being spendthrift

There is something endearingly quaint about the way the management of public expenditure remains fixed in an annual cycle, reaching its apogee with the flowering in early spring of the Public Expenditure White Paper. It is a tradition still rooted in the customs of an agrarian economy when you trotted across to the barn about this time of year to weigh up whether enough seed-corn remained to provide the coming season's harvest. It owes nothing to the realities of the longer lead times of investment in an industrial economy.

It may be instructive therefore to overlook the foreground debate about the precise percentage points provided for the present year and contemplate the broad sweep across several years. We can now take in a wide horizon as last week's White Paper rolls forward its projections for three years, giving us an insight into how the landscape of public expenditure will have changed over a decade of Thatcherism.

This longer view reveals dramatic changes in contour which are stamped with the personality of the lady herself. I remember that it was one of the proudest boasts of the Wilson government of the 1960s that, under it, expenditure on education overtook defence spending for the first time since the war. That achievement stood until Mrs Thatcher's first year in office, when education again dropped behind. By 1983, defence will have outstripped education by £5,000m.

Similarly, when Mrs Thatcher took over, spending on housing was nearly double expenditure on law and order; by the end of her second term the position will be reversed.

Neither education nor housing can be represented as unnecessary frills. Mrs Thatcher would hasten to congratulate those private households that made the first priorities of their expenditure educating their children and keeping sound the roof over their heads. Yet it is precisely in these areas that public expenditure now fails the nation, as thousands of qualified young people are turned away from the universities and nation's stock of council housing moulders into disrepair.

Nor can it be pleaded in her defence that it was necessary to chop the soft welfare budgets in order to spare the axe on expenditure on those sectors which are wealth creating. On the contrary, public support for industry has been singled out for special constraint. Even the bankruptcy service, has been wound up by a government under whom bankruptcies every year rise to a new record.

Much the most dramatic reduction in the industrial budget over the next four years will be achieved by programming the permitted borrowing by nationalized industries to fall to zero, thus requiring them to finance all investment from trading revenue.

This demonstrates the extent to which economic policy is subordinated to accounting convention. If British Rail can maintain its investment programme by raising fares, the total volume of its spending will remain constant. But the Treasury will then assure us that the level of public spending has fallen because BR's borrowing requirement has been eliminated. It is almost a truism that, as we approach the twenty-first century, the Treasury has still not worked out a way of distinguishing between borrowing for current consumption, and borrowing for productive investment.

There is no wider basis for forcing such a straitjacket on the state's trading enterprises other than the unreasoning prejudices of the establishment consensus against public expenditure. Only deep prejudice can explain why the state people should simultaneously believe industry would be strengthened by ICI borrowing to invest in a chemical plant (to take what in the present climate must be a purely hypothetical illustration), but that the economy would be gravely weakened by the state borrowing to finance a new road to the plant or a power station to supply it.

There is one final changed feature which cannot be overlooked in the landscape painted by the White Paper. The horizon is higher than before. The greatest irony of all is that after five years of struggling to cut public expenditure, Mrs Thatcher presides over a budget which is the equivalent of 42 per cent of gnp - two percentage points higher than the level it inherited from a Labour government which she castigated as spendthrift. It is a fitting penalty for failing to anticipate that cuts in public services impose a predictable pressure on public expenditure caught between the millions of rising unemployment benefits and falling tax revenues.

The only sure way to reduce the public sector's share of the cake is to dispose public expenditure in a manner most likely to stimulate growth in the cake. Alas, this would require an impatience with Treasury convention and a commitment to using public expenditure creatively, that are obviously beyond the grasp of the authors of the White Paper. The author is Labour MP for Livingston.



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NO MARTYRS FOR LIVERPOOL

It suits Mr Hatton and fellow councillors in Liverpool to talk up the threat of direct intervention from Whitehall in the city's financial affairs. In the eschatology of the extreme left, few martyrdoms beckon as strongly as extinction at the hands of a central government commissioner. It seems that any suicide weapon will do, even a once-great city's annual budget, affecting residents and municipal employees both. The campaign is not just local. The Liverpool councillors are trying to jolt other sections of the Labour Party (which has so far shown a commendable reluctance to endorse the Liverpool plan for deficit budgeting). The rhetoric should be noted in London, but at this stage that is all. Liverpool is still some way off the fiscal crisis some councillors seem anxious to foment. It is a moment for Mr Jenkin to show his famous phlegm.

At the district council elections last May, Liverpoolians did appear to vote for a stronger local administration than had been possible under the Liberal-led coalition. Such a strong Labour administration might have garnered some sympathy for trying to maintain or even increase municipal employment in a city wracked by unemployment — even at the cost of breaching spending limits. There might indeed have been a case, in the light of Mr Jenkin's still-generous programme for the inner cities, for some flexibility on the Government's part over the "target" allotted Liverpool for the approaching financial year. But there is no evidence that Liverpoolians voted knowingly for the intransigent *Affiliant* ticket which several of the Labour group seem to carry.

The plight of Liverpool is not so extreme that it justifies the blanket refusal of the council to make any moves towards meeting a target which no other urban Labour council has refused to contemplate.

It would be easy to call on Mr Jenkin sternly to uphold the law and call these would-be rebels to account. Easy, but unavailing. The law affecting local government finance is neither simple nor well-tested. The next few weeks in Liverpool, as the deadline nears for setting a rate for 1984-85, could provide Mr Jenkin with a useful dry run for some of the problems, legal and political, that will inevitably attend the first year's operation of the Rates Bill that is currently before the House of Commons. The process of making a legal rate is hedged about with checks and balances; Mr Jenkin would be justified in standing back and learning from events.

The 1967 General Rate Act says Liverpool has to make a rate that will pay for that part of its spending not met by grants and charges: Liverpool's plan to make a rate for, say, £216 million but budget to spend £250 million would be illegal. Various kinds of action might follow: the city treasurer would have a duty (in his capacity as trustee of the rate fund) which might lead him to refuse to levy the rate; the district auditor might automatically step in or the Secretary of State for the Environment might order an extraordinary audit. A High Court action might quickly follow requiring the councillors to make a different rate. If they refused, normal processes of commitment for contempt might follow. In other words, there are a series of legal hurdles yet to

be cleared before Liverpool levies a rate. Between them lie lengthy court proceedings and, finally, the possibility of surcharge and disqualification for individual councillors. If martyrdom is unavoidable, the martyr could be given an ignominious, obscure end.

Any discussion of such a sequence of events is hypothetical: there are scanty precedents. Yet Mr Jenkin would be unwise to do nothing at all and merely await the court's actions. Some sort of statement spelling out the consequences of disobeying the law is necessary now, if only to educate the employees of Liverpool council about their precarious position (as creditors of a defaulting council, they stand towards the back of the queue). Mr Jenkin has a wider duty, too. Noises from Liverpool politicians have, without doubt, sent unpleasant shivers through the market for local government loans; Mr Jenkin should not be wholly convinced by the emollient phrases he may have heard from the Treasury and the Bank of England. Neither Liverpool nor any other council can go bankrupt and there should be no loose talk to that effect. However the status of the Public Works Loan Board needs clarifying, as do arrangements for repayments of interest in the event of a technical default by a council.

More importantly, he should immediately set in hand revision of those sections of the Rates Bill which refer to payments and borrowing by rate-capped councils. If the likely — but still wholly unnecessary — train of events gets under way and pits Liverpool council against the law, the consequences for the entire rate-capping plan should be minutely observed.

TIPTOEING INTO POLAND

Warsaw has rightly been left off the itinerary of travelling Western statesmen since the imposition of martial law more than two years ago. The feeling has been that it would be wrong to offend the Polish people by conferring the favour of a formal visit on a regime which they still regard with deep hostility. Politicians have gone but not heads of state or government. Only the Pope could justly claim exemption to visit his countrymen, his flock and his Church.

He is now followed by Mr Perez de Cuellar, Secretary-General of the United Nations. He too can claim good reasons. He represents not the Western world but an international organization to which East and West belong. It is his duty to visit member states; he cannot afford to discriminate. He is also visiting Czechoslovakia, Hungary and Bulgaria, having previously visited Romania and East Germany. His visit confers no special favour, and is not a mark of approval.

What can legitimately be asked of him is that he do his best to uphold the principles and ideals of the United Nations. This Mr de Cuellar has done. In Warsaw he spoke with refreshing candour on human rights, not mentioning Poland directly but

remarking pointedly that "important human rights — civil and political, economic and social, religious and trade union — continue too frequently to be ignored". It can be assumed that in private conversation he also discussed the investigation by the International Labour Office of violations of trade union freedoms in Poland, as well as the case of Alicja Waselowska, who joined the staff of the United Nations without the permission of the Polish Government, which then grabbed her when she passed through Poland in 1979 and sent her to prison for allegedly spying for the West — not the fault of the present regime but its inherited responsibility now.

International attention of this sort is useful. Poland has become an inward-looking country, its regime preoccupied with consolidating control, its people with spiritual opposition and the struggle of daily existence after a twenty per cent drop in living standards in 1982. There is little direct resistance. Demonstrations are few and far between, discouraged by fire hoses in freezing weather.

But there is no evidence of reconciliation. Intellectuals who take work for the regime lose

friends. Clandestine publications flourish along with other channels of unofficial information. Speech is relatively free and defiance open. Friction is common in factories. When workers at the Warsaw steel works had the chance to elect a "self-management" body they overwhelmingly rejected party members and chose the whole of the local Solidarity leadership. The Church, although engaged in bargaining with the regime, provides a good deal of support for opposition at the grass roots level. Parliamentary elections due in the spring have now been postponed until at least the end of the year, a sure sign of insecurity, even though they would not have offered much real choice to the voters. Local elections will take place under tight controls.

Western governments would be eager to restore more active relations if the regime showed signs of improving relations with its own people. President Reagan has tried relaxing a few sanctions in the hope of evoking a corresponding gesture of relaxation from Poland, but the reaction so far has been minimal. The next move must come from Poland. Let us hope that Mr de Cuellar is right to feel encouraged by his talks.

TO TAKE AS DIRECTED

But did she say it was to be taken before meals or after? Appetit or dessert? And is dyspepsia or an instant seizure the penalty for getting it wrong? Better stuff the bottle at the back of the bathroom cupboard; it may come in handy if that heartburn comes on again. Really, we are not qualified to cope with the administration of prescription drugs, and it is hardly fair to expect us to, especially now when we are feeling quite definitely under the weather.

In the best of all possible worlds, patients would never be left in charge of their own drugs. It is a responsibility that demands a high degree of skill and clinical detachment. All lofty ruminations over the fate and future of our health services, all the Nobel prizes and glittering operating theatres, come down eventually to this: the anarchic muddle where the patient resumes his identity as a free agent, and approximate treatments for approximate discomforts are complied with or rejected partly (as has been experimentally demonstrated) according to whether one thought the doctor a likeable fellow or not. Initiative has killed as many patients as the colic, whether it has dived as many from the effects of treatment prescribed unjustifiably as a matter that may be left to doctors to speculate over.

If the world was run by doctors (and not even the SDP have put that in their manifesto yet) the untidy interface between the health service and the germ-

filled world would disappear: the whole world would be our hospital. In the meantime, the two worlds have to co-exist, and much of the intractability of accomplishing change, and the ferocity with which it is debated, arises from the incompatibility between the two. Those doctors who are of most service to the outside world — the ones who see a person standing before them rather than a hiatus hernia — quickly understand that the health service has to find means of adapting itself to the world, as the world has been here longer and is in no hurry to adapt to it.

This is a bitter pill, so to speak, for the professional mind to swallow. Recently the Royal College of Physicians has published a study, couched in faintly injured and censorious tones, to show how imperfectly the elderly manage to take prescribed drugs as and when instructed. They lose them, they hear them (literally by the way), they put off taking them because their grandchildren are not around to open the child-proof packaging, they forget instructions given to them in a loud slow Oxford voice (but not legibly written) almost before the surgery door closes behind them. The one in eight of them instructed to juggle with four or more medicaments a day sometimes get their permutations mixed up. They have no fortitude — "poor compliance being associated with drugs that are difficult to swallow, suppositories and greasy skin preparations". They really scarcely pull their weight.

The Royal College had better make up its mind to it that we are not going to get much cleverer. If the problem — which must involve the waste of a significant fraction of the £1,400m that the NHS spends on drugs each year — is to be reduced, then the main agent will have to be greater tact and cunning among the professionals who persuade us to take our medicine. But accountability has its limitations in this area. Sometimes drugs are prescribed when only marginally necessary, to reassure the patient that his troubles are taken seriously (in which case they may serve their purpose without ever leaving the bottle). But sometimes courses are kept up by the doctor out of habit, and cause side-effects when new drugs are combined with them. Manufacturers are sometimes not as vigilant as they should be in looking out for ways in which old people may be especially susceptible to side effects of new drugs. Sometimes, especially in over-stuffed old people's homes, heavy medication is used more or less frankly as a means of keeping the troublesome quiet.

The struggle to improve matters in this area is a never-ending one. But it is unrealistic to imagine that the whole untidy business can ever be made tidy, with side-effects eliminated, waste abolished, muddle banished. We could cope with it all perfectly if we were only firing on all cylinders again; but then if we were, we would not touch the stuff to save our lives.

Maintaining order within the law

From Lord Mayhew
Sir, As the Police and Criminal Evidence Bill is being scrutinised, clause by clause, in its House of Commons committee, two things are becoming clear.

The first is that, when it is passed, it will for the first time provide a comprehensive code of police powers throughout England and Wales, setting out precisely what a police officer may or may not lawfully do when he is investigating a crime. Justice greatly welcomes this; we have pressed for it for many years.

But it is also becoming clear that the Bill contains no effective sanction to ensure that this new code will in fact be obeyed. If a police officer breaks it, it is unrealistic to expect that the injured citizen will prosecute him in a criminal court or sue him in a civil one; few can afford the time and persistence and fewer still will wish to run the risk of incurring police animosity, whether they win or lose.

Nor will they be reassured by the possibility that such a breach might attract internal disciplinary action within the police force.

There is only one effective sanction to deter breaches of such a code: a power in the court to exclude evidence obtained unlawfully — that is, in breach of the rules which the code lays down — where that is what the interests of justice require in the circumstances of the particular case.

Such a power may already exist at common law, but if it does it is not widely known. Justice therefore regards it as essential that it should be clearly stated in the Bill itself. If it were, that would greatly help to maintain public confidence in the police, by reinforcing the consistent policy of chief constables, so recently reaffirmed by Sir Kenneth Newman, of requiring their officers to operate strictly within the law of the land.

Yours etc,
PAUL SIEGHART, Chairman,
Executive Committee,
95 Chancery Lane, WC2,
February 17.

Korea airliner

From Mr R. W. Johnson
Sir, Richard Owen's report (February 9) on Russian reaction to the aftermath of the Korean airliner tragedy mentions the reprinting in the Soviet *Literary Gazette* of an article which first appeared in *The Guardian*. On checking I find that this was an article I wrote.

Apart from the fact that my permission to reprint was not sought, I should like to point out that in fact only a highly doctored version was reprinted — omitting the numerous critical references to the Soviet action, as well as my hostile references to Soviet intervention in Hungary and Czechoslovakia. This sort of high-handed censorship does not help anyone to sympathize with the Soviet position over the tragedy.

In the same vein, it is perhaps worth pointing out that *The Times* report treats the report on the tragedy by the International Civil Aviation Organisation as authoritative. Perhaps it is worth adding that the main conclusion of the ICAO report — that the airliner was off course due to pilot negligence — has been rejected by the International Federation of Airline Pilots' Associations, which points out that no evidence at all has been advanced for such a conclusion.

Yours sincerely,
R. W. JOHNSON,
Magdalen College,
Oxford,
February 11.

Cross words

From Mr Jack Windsor Lewis
Sir, Dr Charles Cruickshank's invitation to your readers (February 6) to quote other examples of allegedly self-indulgent lexicographical writing from the OED has unsurprisingly brought forth few comments. Its authors were very serious scholars.

Two examples of arguably eccentric definition not from the OED are:

"The sad little parenthesis after *current* but, in the great Henry Cecil Wyld's *Universal Dictionary*, "(with few or no currents)" and 2. the definition of *it stands to reason*, by the Fowler brothers, who boiled down the OED in 1911 to make the *Concise Oxford Dictionary*: "It is logically demonstrable (that) or, popularly, 'I shall lose my temper if you deny that'".

Alas, in 1976, this felicitous item was eliminated from the COD.

Yours sincerely,
JACK WINDSOR LEWIS,
The University of Leeds,
Leeds.

Limit for abortions

From Mr P. J. Armon and others
Sir, We, the undersigned, note your report, "Doctors may back moves to cut legal limit for abortions to 24 weeks" (January 17) and welcome Lord Robertson's letter (January 19) pointing out that under the Abortion Act, 1967, and the Infant Life (Preservation) Act, 1929, abortion is illegal at any time after the child is capable of being born alive. The present law has not been enforced.

We agree that 28 weeks of pregnancy as proof that a child is capable of being born alive" no longer makes sense, but we are surprised that some paediatricians and obstetricians seem to be repeating the same error in committing themselves to 24 weeks.

The *Daily Telegraph* on November 29, 1983, reported Guy's Hospital as currently nursing a baby of 23½ weeks. At the time the Corrie Bill was debated in Parliament, a baby born at 23 weeks' gestation (with pregnancy confirmed by ultrasound in the early weeks) survived for six weeks.

US-UK divide in attitude to Nato

From Lord Mayhew
Sir, There is indeed a dangerous gulf between the views of American supporters of Nato such as Mr Podhoretz (feature, February 16) and many fellow-supporters of Nato in Europe.

Mr Podhoretz complains that our support for Nato is "weak and defensive"; that we tend to equate Moscow and Washington; that our countries are risking "Finlandisation" and are "dragging down" the United States.

He calls on us to recognise and proclaim that the free world's survival "is threatened by an imperialism fully comparable in political, moral and military terms to Nazi Germany in the late 1930s".

Europeans, however, could reply with equal frankness that American views like Mr Podhoretz's are intemperate and lacking in historical perspective and that their prevalence in the United States helps to explain that country's worldwide loss of interest in political authority.

I have just returned from a visit to Moscow — the seventh in a series which began in 1936. Anyone who has had that experience will find Mr Podhoretz's thesis — that the Soviet threat is the same as it was when Nato was founded — preposterous.

The Soviet Union is a police state, very heavily armed, morbidly sensitive about its security and dangerously wedded to a false concept of historical conflict. But to equate Chernenko with Stalin and

Hitler, the suppression of dissidents with the Gulag and the death camps, and Afghanistan with the overrunning of Eastern Europe and the blockading of Berlin — and with Hitler's wars of aggression — is an absurd misjudgment, typifying the emotive, simplistic approach to sensitive issues of which we have seen much too much recently from across the Atlantic.

We Europeans have lived closer to the Soviet threat than the Americans and have had to endure it for longer. Since Nato was founded we have confronted, defeated and reversed the most dangerous part of the threat — the subversive challenge to our way of life.

Since then we have also, with the Americans' help, achieved a better military balance. And if we now speak about the Soviet threat in less strident tones than the Americans it is not because we are complacent, still less because we are intimidated: it is because we are now confident that if the Nato countries show the same coolness and tenacity in the future as in the past, the threat can be finally mastered.

What worries us, understandably, is the present American Administration's lack of judgment and patience. Mr Podhoretz's article simply deepens our concern.

Yours etc,
CHRISTOPHER MAYHEW,
House of Lords,
February 17.

Countryside heritage

From Miss Marion Shoard
Sir, J. Robert Campbell (February 14) fears that planning controls on agricultural operations would impose uniformity on our countryside.

Unfortunately, agriculture is already imposing uniformity on the countryside of a particularly distasteful character. In the present circumstances, no instrument other than planning controls has any prospect of preserving what remains of the variety of our rural landscape.

Mr Campbell's favoured solution, a change in the terms on which agriculture operates, has the apparent attraction of, as he puts it, striking at the root of the problem. However, the scale on which such an approach could feasibly be pursued, at least as long as Britain remains a member of the European Community, would be such as to render the strike a mere pinprick.

It is sometimes glibly asserted, not only by Mr Campbell, that town planning has laid our cities waste. In fact, development control has saved Britain from the urban sprawl that has devastated much of North America and ensured the survival of tens of thousands of historic buildings that would otherwise have disappeared. And it is with development control (green belts, listed buildings, conservation areas and so forth) that the comparison is relevant, not with the redevelopment schemes that many view with understandable regret.

At present, the shape of our landscape is primarily determined by the 0.5 per cent of our population who are farmers. A planning system would provide the community as a whole with the opportunity to strike the balance it saw fit between the legitimate needs of our farmers and the no less legitimate needs of the rest of the people.

Yours faithfully,
MARION SHOARD,
15 Melbury Gardens, SW20,
February 15.

From Mr D. Lort-Phillips

Sir, Mr Foster's letter of February 14 encompasses several widely held misconceptions. May I answer just two.

1. Farmers and planning controls. Farm buildings of factory-style scale and design are not largely exempt from planning. Any building over 70

Unions at GCHQ

From Professor O. Hood-Phillips, QC
Sir, Mr Greville Jenner, QC, MP (February 17) quotes the first paragraph of article 11 of the European Convention on Human Rights. He ought also to quote paragraph 2:

No restrictions shall be placed on these rights other than such as are prescribed by law and are necessary in a democratic country in the interests of national security or public safety... This article shall not prevent the imposition of lawful restrictions on the exercise of these rights by members of... the administration of the state.

Yours faithfully,
O. HOOD-PHILLIPS,
24 Heaton Drive,
Edgbaston
Birmingham.

Old two hundredth

From Mrs Pamela Johnson
Sir, I can scarcely believe that the writers of letters bemoaning the demise of the halfpenny coin, because they would not be able to deal with some small-apertured possession without it, are being serious.

Cannot they store away a few dozen of these useful coins, which, even if they are careless in losing them from time to time, would surely yet suffice them for their lifetime?

Yours faithfully,
PAMELA JOHNSON,
31 Kings Road, SW14,
February 14.

feet square automatically requires approval and planning authorities can withdraw exemptions if they so decide. A factory-style scale development on a green field site would rarely, if ever, escape the planning net.

2. Artificially elevated food prices. Since 1979 food prices in the shops have risen 31 per cent, producer prices at the farm gate 25 per cent, and prices generally 43 per cent. Whatever artificiality is raising farmers' prices is doing so at a rate little over half the rate of inflation. The cost of certain other goods and services could do with a little "artificial elevation" of this nature.

Two further points, arising from the above, bear emphasizing. Firstly, farmers do not seem widely opposed to the extension of planning controls on farm buildings, although strongly resistant to the control of other agricultural operations. They already work so much within the planning framework that the extension to their buildings of rules applicable to other households does not seem much additional burden. One welcome consequence would be to deprive people like Mr Foster of the comfortable myths that sustain their prejudices.

In addition, as a farmer and a member of a local planning authority, I see the involvement of farmers and planners as a source of better understanding between both parties, but particularly for the latter.

The second point concerns prices, productivity and employment. The farming industry, by accepting producer price rises over the last five years little more than half the rate of inflation, by increasing output per man 36 per cent in the same period (as against 3 per cent per man in manufacturing industry), by managing somehow to live with a cut in income in real terms of 65 per cent since 1973, has thus managed to maintain or even increase a little its labour force, and to pay them better in real terms.

If the rest of British industry had faced up to its challenges as well as farmers have done, there would not be three million unemployed today. Yours faithfully,
DAVID LORT-PHILLIPS,
Knowles Farm,
Lawrenny,
Kilgilly,
Dyfed,
February 14.

Critics of modern music

From Mr John Lambert and others
Sir, Since June of last year three articles severely critical of the twentieth-century composer and modern music have appeared in *The Times*; as yet no space has been provided for an alternative view to be expressed.

These columns did not appear on the Arts page (which happily still gives wide coverage to the Arts) nor were they written by regular contributors to it; nevertheless they were written by well known journalists and printed in a "serious" paper, which gives the material a credibility altogether undeserved. Indeed the contributors write with a confidence and lack of delicacy that can only be accounted for by ignorance of the subject.

For example, it is particularly offensive to anyone who works in this field and who knows anything about the life and work of Anton Webern to read of his tragic death (the was accidentally shot by an American soldier) that it was "one of the greatest contributions to culture by the American nation in this century".

A vein of philistinism seems to be creeping into the columns of your esteemed paper. Whilst this may attract a certain type of reader it will in our view repel others.

Yours faithfully,
JOHN LAMBERT,
GARY CAPREITER
JEREMY DALE ROBERTS
BARRY GUY,
JONATHAN HARVEY,
25 Welbeck Road, W4,
February 14.

Noblesse oblige

From Sir Iain Moncreiffe of that Ilk
Sir, Lord Emsworth (letter, February 13) must have looked a right nana if he turned up wearing "coronet and ermine", i.e. Coronation kit, instead of parliamentary robes trimmed with miniver, at the state opening of Parliament.

Yours truly,
IAIN MONCREIFFE OF THAT ILK,
White's,
37-38 St James's Street, SW1,
February 15.

Family ties and foreign contracts

From Lord Aberconway
Sir, Why should Mrs Thatcher, when visiting a foreign country on Britain's behalf, refrain from supporting the efforts of the only British company seeking an important contract, just because a member of her family is employed by that company and is one of its team seeking to win that contract?

Many of your readers will recall with patriotic admiration how Mrs Thatcher reproved her friend, President Reagan, for seeking to prevent a British company, John Brown, from carrying out its contractual obligations to supply gas turbines for the Russian pipeline.

I hope and believe that she would still have done just that if, who am President of John Brown, had been related to her. Sadly, I am not.

Yours truly,
ABERCONWAY,
30 Lowndes Street, SW1,
February 18.

From Mr H. J. Spencer-Palmer

Sir, Referring to Mrs Thatcher's role in the matter of the Oman contract, your leader today (February 17) states as a fact "an appearance of conflict between public duty and private interest".

On the contrary, since Mr Mark Thatcher was acting on behalf of the only British company pursuing this contract, there was neither appearance nor reality of any such conflict, but rather a fortunate community of interest.

The country should be grateful for the successful result to which the two members of the family may have contributed in their separate ways.

Mr Shore seems to have grasped a poor weapon with which to try to attack the Prime Minister. Yours faithfully,
H. J. SPENCER-PALMER,
Deanhurst,
100 London Road,
Knebworth,
Hertfordshire,
February 17.

National assets

From the Leader of South Yorkshire County Council
Sir, Sir Douglas Lovelock's independent review of the funding and efficiency of the National Association of Citizens Advice Bureaux has recommended increasing Government spending by £1m on "an invaluable national asset".

It should not be forgotten that this inquiry was ordered last April after Sir Gerard Vaughan had accused CABs of left-wing bias and lack of financial accountability. The similarity of these charges with those levelled by Patrick Jenkin at the six metropolitan county councils and the GLC is striking.

When we look at the findings of the Lovelock report we can see why Jenkin is so reluctant to commission an independent inquiry into the local government system. It would be embarrassing for the Government to find that they had laid plans to abolish no fewer than seven national assets.

Yours sincerely,
ROY THWAITES, LEADER,
South Yorkshire County Council,
County Hall,
Barnsley,
South Yorkshire,
February 14.

Critics of modern music

From Mr John Lambert and others
Sir, Since June of last year three articles severely critical of the twentieth-century composer and modern music have appeared in *The Times*; as yet no space has been provided for an alternative view to be expressed.

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A vein of philistinism seems to be creeping into the columns of your esteemed paper. Whilst this may attract a certain type of reader it will in our view repel others.

Yours faithfully,
JOHN LAMBERT,
GARY CAPREITER
JEREMY DALE ROBERTS
BARRY GUY,
JONATHAN HARVEY,
25 Welbeck Road, W4,
February 14.

Noblesse oblige

From Sir Iain Moncreiffe of that Ilk
Sir, Lord Emsworth (letter, February 13) must have looked a right nana if he turned up wearing "coronet and ermine", i.e. Coronation kit, instead of parliamentary robes trimmed with miniver, at the state opening of Parliament.

Yours truly,
IAIN MONCREIFFE OF THAT ILK,
White's,
37-38 St James's Street, SW1,
February 15.

When you're building up your own business, the last thing you need is a nervous investor.



Even the healthiest business can suffer at the hands of a timid investor.

His concern for his own skin could prove fatal for a growing company.

But there's one investor you can rely on for wholehearted support. ICFC.

We're part of the 3i group and we're the world's largest source of risk capital for small to medium sized businesses.

We also go out of our way to do what's best for them.

That's why, out of the 7,000 financial packages we've provided since 1945, no two have been identical. What you'll get is a solution tailor-made to promote sturdiest growth.

And the security of knowing that although all our solutions may be different, one thing always remains constant.

Our commitment.



RECENT ISSUES

Company	Price	Change
Ascom Energy plc (1984)	100	+1.00
Ascom Energy plc (1985)	100	+1.00
Ascom Energy plc (1986)	100	+1.00
Ascom Energy plc (1987)	100	+1.00
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Ascom Energy plc (2099)	100	+1.00
Ascom Energy plc (2100)	100	+1.00

Share sale points to Henlys battle

An eventual takeover bid appears to be on the cards for Henlys, the garage group, after 15 per cent of its shares were sold yesterday to Coleman Milne, the coachbuilding company.

The shares had been held by Mr Jim Gregory, better known for his links with Queen's Park Rangers football club. Coleman Milne paid £2.1m for the stake, valuing Henlys at £14m.

Coleman is run by Mr Michael Ashcroft, who said from America last night: "I want Coleman to be involved in

anything to do with the motor trade. Henlys could be part of that, and there will be other opportunities."

A significant part of the deal is that it brings British Car Auction Group, run by Mr David Wickins, into contact with yet another Ashcroft company. The Henlys purchase is being financed by BCA buying 4.2 million Coleman shares at 60p, against a price of 66p in the market at the close of dealings. That will give BCA 35 per cent of Coleman.

Pritchard in £12m spree

Pritchard Services Group, which was at the centre of the recent takeover uncertainty in the cleaning sector, yesterday announced that it is taking control of two companies in the United States.

Shareholders were told that Pritchard is buying Automatic Catering for £8.8m and taking a

45 per cent stake in Ambicare, a US home health company, for £3.2m.

The acquisition of Automatic Catering, which provides cafeteria services and sales through food and beverage vending machines, brings Pritchard's food services sales in the US to \$85m a year.

Caparo to take over Brockhouse

Caparo Industries, the diversified property and engineering group of Mr Swraj Paul, is to acquire Brockhouse, the transport and materials handling company.

The deal will give Caparo control of 61.7 per cent of the company, including its existing stake of 17.4 per cent. Last year Brockhouse made a loss of £1.8m compared with a £1.6m loss the previous year.

Borrowings at the end of January were £15.1m compared with shareholders' funds of £21.4m.

Caparo had become worried at both the level of gearing and poor trading at Brockhouse, Mr Paul told his shareholders yesterday.

The £25m will be used to cut borrowings, and Mr Paul also says that poorly performing assets will be disposed of, to reduce borrowings still further.

Micro Focus makes £9m rights issue

By Jonathan Clare

Micro Focus, a computer software company with one of the fastest moving shares on the Unlisted Securities Market, is raising £9m from its shareholders after much better than expected results.

The company, which went public less than a year ago, had made its name by concentrating on COROL, the language most trusted by business computers. It turned in profits of £2.4m against £24,000 for last year and compared with £747,000 at the interim stage.

The £9m is likely to be the first of several rights issues to help finance the company as it expands. The Times suggested after the interim figures that there would be a cash call immediately after the full year results, despite the £3m the company then had in the bank.

That cash has been largely used up in acquisitions and establishing the company in new offices in Newbury, Ber-

kshire, where all employees are linked through microcomputers to a mainframe computer in the basement.

The results boosted the share price by 60p to 690p, close to the high for the year.

Mr Brian Reynolds, Micro Focus's chairman, said yesterday that orders taken in the first two months of the present year were running at twice the rate of a year ago.

Market report page 18

He said the 9m would be used for capital expenditure and accelerating product and technology development. The cash was already earmarked for particular projects, "but within a flexible business plan". He added that Micro Focus wanted to make acquisitions but they would almost certainly be share swap deals followed by a cash injection.



1983/84	High	Low	Company	Price	Change	Yield	P/E
100	100	100	Ascom Energy plc	100	+1.00	10.00	10.00
101	101	101	Ascom Energy plc	101	+1.00	10.00	10.00
102	102	102	Ascom Energy plc	102	+1.00	10.00	10.00
103	103	103	Ascom Energy plc	103	+1.00	10.00	10.00
104	104	104	Ascom Energy plc	104	+1.00	10.00	10.00
105	105	105	Ascom Energy plc	105	+1.00	10.00	10.00
106	106	106	Ascom Energy plc	106	+1.00	10.00	10.00
107	107	107	Ascom Energy plc	107	+1.00	10.00	10.00
108	108	108	Ascom Energy plc	108	+1.00	10.00	10.00
109	109	109	Ascom Energy plc	109	+1.00	10.00	10.00
110	110	110	Ascom Energy plc	110	+1.00	10.00	10.00
111	111	111	Ascom Energy plc	111	+1.00	10.00	10.00
112	112	112	Ascom Energy plc	112	+1.00	10.00	10.00
113	113	113	Ascom Energy plc	113	+1.00	10.00	10.00
114	114	114	Ascom Energy plc	114	+1.00	10.00	10.00
115	115	115	Ascom Energy plc	115	+1.00	10.00	10.00
116	116	116	Ascom Energy plc	116	+1.00	10.00	10.00
117	117	117	Ascom Energy plc	117	+1.00	10.00	10.00
118	118	118	Ascom Energy plc	118	+1.00	10.00	10.00
119	119	119	Ascom Energy plc	119	+1.00	10.00	10.00
120	120	120	Ascom Energy plc	120	+1.00	10.00	10.00

SHIPPING

1983/84	High	Low	Company	Price	Change	Yield	P/E
100	100	100	Ascom Energy plc	100	+1.00	10.00	10.00
101	101	101	Ascom Energy plc	101	+1.00	10.00	10.00
102	102	102	Ascom Energy plc	102	+1.00	10.00	10.00
103	103	103	Ascom Energy plc	103	+1.00	10.00	10.00
104	104	104	Ascom Energy plc	104	+1.00	10.00	10.00
105	105	105	Ascom Energy plc	105	+1.00	10.00	10.00
106	106	106	Ascom Energy plc	106	+1.00	10.00	10.00
107	107	107	Ascom Energy plc	107	+1.00	10.00	10.00
108	108	108	Ascom Energy plc	108	+1.00	10.00	10.00
109	109	109	Ascom Energy plc	109	+1.00	10.00	10.00
110	110	110	Ascom Energy plc	110	+1.00	10.00	10.00
111	111	111	Ascom Energy plc	111	+1.00	10.00	10.00
112	112	112	Ascom Energy plc	112	+1.00	10.00	10.00
113	113	113	Ascom Energy plc	113	+1.00	10.00	10.00
114	114	114	Ascom Energy plc	114	+1.00	10.00	10.00
115	115	115	Ascom Energy plc	115	+1.00	10.00	10.00
116	116	116	Ascom Energy plc	116	+1.00	10.00	10.00
117	117	117	Ascom Energy plc	117	+1.00	10.00	10.00
118	118	118	Ascom Energy plc	118	+1.00	10.00	10.00
119	119	119	Ascom Energy plc	119	+1.00	10.00	10.00
120	120	120	Ascom Energy plc	120	+1.00	10.00	10.00

MINES

1983/84	High	Low	Company	Price	Change	Yield	P/E
100	100	100	Ascom Energy plc	100	+1.00	10.00	10.00
101	101	101	Ascom Energy plc	101	+1.00	10.00	10.00
102	102	102	Ascom Energy plc	102	+1.00	10.00	10.00
103	103	103	Ascom Energy plc	103	+1.00	10.00	10.00
104	104	104	Ascom Energy plc	104	+1.00	10.00	10.00
105	105	105	Ascom Energy plc	105	+1.00	10.00	10.00
106	106	106	Ascom Energy plc	106	+1.00	10.00	10.00
107	107	107	Ascom Energy plc	107	+1.00	10.00	10.00
108	108	108	Ascom Energy plc	108	+1.00	10.00	10.00
109	109	109	Ascom Energy plc	109	+1.00	10.00	10.00
110	110	110	Ascom Energy plc	110	+1.00	10.00	10.00
111	111	111	Ascom Energy plc	111	+1.00	10.00	10.00
112	112	112	Ascom Energy plc	112	+1.00	10.00	10.00
113	113	113	Ascom Energy plc	113	+1.00	10.00	10.00
114	114	114	Ascom Energy plc	114	+1.00	10.00	10.00
115	115	115	Ascom Energy plc	115	+1.00	10.00	10.00
116	116	116	Ascom Energy plc	116	+1.00	10.00	10.00
117	117	117	Ascom Energy plc	117	+1.00	10.00	10.00
118	118	118	Ascom Energy plc	118	+1.00	10.00	10.00
119	119	119	Ascom Energy plc	119	+1.00	10.00	10.00
120	120	120	Ascom Energy plc	120	+1.00	10.00	10.00

OIL

16.3	31 ¹ / ₂	102	Highland	119 ¹ / ₂	+7	10.0	..
	497	140 ¹ / ₂	East Dacca	332	+7
4.7	17 ¹ / ₂	7 ¹ / ₂	E. Rand Prod	111	+4
4.2	140	81	El Oro M & Ex	133	..	4.0	3.0
12.4	334	170	Elsburg Gold	254	-1	18.7	7.4
48.4	38 ¹ / ₂	20 ¹ / ₂	F S Geduld	237 ¹ / ₂	..	20.9	9.5
7.9	156	83	F Geover Tin	160	..	5.1	3.6
11.2	16 ¹ / ₂	3 ¹ / ₂	Gencon	112	+4	7.3	..
7.2	20 ¹ / ₂	13	Gen Mining	115 ¹ / ₂	+4	58.5	5.5

FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

UK could take lead role in fight for freer trade

Britain could use the London economic summit this summer to take a serious lead in reversing protectionism if Mr Norman Tebbit's speech to overseas economic representatives in London yesterday is to be taken seriously.

The Government will "seek to liberalize rather than restrict trade in goods services and the free flow of trade", Secretary of State for Trade and Industry said. "That inevitably involves thinking very hard about whether we need to maintain Britain's remaining import restrictions."

Voluntary quotas, such as the deal on Japanese cars, are an obvious target for a champion of competition, as they not only restrict trade but require regulation through bilateral cartels. Those in the firing line will wonder, as Mr Tebbit acknowledges, whether these are anything more than the fine, but vain words heard a year ago.

Ever since last year's Williamsburg summit, the paper commitment of the world's top seven economic nations to roll back new trade barriers as recovery spreads has looked increasingly thin. Recovery has certainly spread through the advanced nations. But the roll-back of protection is still beyond the horizon as the United States and the European Community fight the early rounds of what could be a nasty trade war over steel, animal feeds and agriculture.

Mr Arthur Dunkel, director-general of General Agreement on Tariffs and Trade, emphasized in a speech to the European-Atlantic Group yesterday that "the protectionist mood seems stronger than at any time since the war" in the United States, let alone the rural roads of France.

Mr William Brock, President Reagan's trade representative, has been warning all those who want to listen on this side of the Atlantic that "damage limitation" rather than progress is the best that can be hoped for this year.

There is bound to be a plethora of vote-catching protectionist rhetoric in the US this year and, by implication, if President Reagan wants to win another term, he may have to placate a few lobbies, such as steelmen or the gluten exporters now threatened by EEC retaliation. Be patient, is the message.

The US Administration is long on good intentions, but short on will. Discussion, mutual understanding and perhaps another substantive Gatt round late in the decade hardly forms a free trade manifesto. If Mr Tebbit is going to take the initiative this year, he may have to indulge in some unilateral quota disarmament.

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The Markets Committee report had been drawn up over the past seven months and the one thing the council will be anxious to avoid is taking decisions in a hurry. A difference of opinion on how to proceed with abolishing fixed commissions may even lead to the report being sent back for further consideration. In any case, Sir Nicholas has expressed

strong doubt that fixed commissions on equity dealing will be able to go much beyond summer next year.

However, pressure is beginning to build for some early measures to be taken on commissions paid for buying and selling Government stocks. This is by far the largest activity of the markets and the area most dealt in by the big pension funds and insurance companies. These institutions have been grumbling for years that it cost too much and that the charges were merely subsidising the smaller investor on whose deals stockbrokers normally make little or no commission.

While pointing out that sufficient controls and monitoring systems must be in place before any change, the institutions are anxious to cut their dealing costs fast. The pension funds look for that to happen this year.

The exchange, will be more interested in the effects this may have on its own member firms. Not all broking firms have found a larger and cash-rich associate which might shelter them from the storms of a negotiated commissions war. It is the broking firms whose income is largely provided by the gilts business which will first feel the draught.

However, it may not go amiss to begin rewarding what are effectively the exchange's best customers with a token of their esteem.

Asian fillip for bulldog market

Sterling has not always been the most attractive currency in which to borrow, but yesterday's £100m bond issue by the Asian Development Bank demonstrates that the bulldog market is slowly establishing itself among the realistic choices open to leading international credits.

It is possible that the ABD, which is a solid name, could have obtained better terms elsewhere, particularly in the low interest German and Swiss markets belovied of international institutional borrowers. But the attraction of bulldog was twofold: few other markets can offer maturities as long as the 2,009 date on the ADB paper; and the bank seems to have been anxious to tap a new capital market.

Nevertheless, the terms of the offer do reflect the fact this is the first time the ADB has launched a bulldog issue. It is also a little unfair that the Bank has been compared by some fund managers with the Inter-American Development Bank, a credit-risk downgraded in the City because Argentina subscribes 11 per cent of its capital. It appears to have been overlooked that Britain is an important subscriber from outside Asia to the ADB.

The 1.35 per cent margin over the gross redemption yield on the 13½ per cent Treasury Stock 2004-08 is a little more than that paid by other Asian and Pacific borrowers in the bulldog market over the last year or so. Australia paid 1.04 per cent, for example. The World Bank managed a mere 0.95 per cent, but at the other end of the range the IADB paid 1.52 per cent.

Given its relative novelty, however, ADB has been sensible in paying perhaps a little over the odds in order to establish its name in the market. At yesterday's prices, the issue yield will be 11.75 per cent.

NEWS IN BRIEF

Oil group moves China tests

A group of western oil companies, led by BP, exploring for oil in the Pearl River basin off the coast of China, has failed in its second attempt to find commercial shows of oil and gas.

But the group has begun drilling on another exploration well in the South China Sea, about 60 miles north-west of the last attempt, and it plans to expand its oil-discovery efforts to three offshore wells by the end of this year.

Fire losses in Britain reached a record £565.6m last year, an increase of 45 per cent over 1982, largely as a result of a fire at an Army Ordnance depot which cost an estimated £165m. A further 40 fires cost insurers more than £1m each.

The plans for building societies to have automated cash dispensers were further complicated yesterday by the announcement that a third building society has linked up with Barclaycard to offer investors 24-hour instant cash. The Skipton Building Society, which has 53 branches, joins the Cheltenham and Gloucester and North Kent building societies in the Barclaycard scheme.

Trustees of Reuters meet today to check whether satisfactory proposals have been drawn up to preserve the integrity and independence of the news agency and business information group after the Stock Exchange flotation. A share carrying an effective veto would give the trustees increased power, but any proposals to use multi-voting shares are likely to be shunned by potential investors.

Paris Club-style talks on Nigerian debt 'inevitable'

By John Lawless

Nigeria yesterday lost its battle to avoid a set of crucial talks with its main creditors.

During a meeting with Mr Nigel Lawson, the Chancellor, and an unscheduled lunch with Mr Jack Gifford, secretary of the Export Credits Guarantee Department, Dr Onaolapo Soyole, the Nigerian finance minister, was told that a Paris Club-style meeting is now inevitable.

Britain, having accepted the lead-role in talks over Nigeria's short-term trade debts, is understood to be insisting on

talks involving all big lenders -

Nigeria has resisted pressure to go through formal Paris Club talks, preferring instead to approach individual countries for refinancing agreements to cover trade debts totalling about \$6bn (about £4bn).

However, it had won an important concession. Paris Club rules state that agreement with the International Monetary Fund over any fresh loans must be in place before it will open talks. But Nigerians have been told that this might indeed become the accepted rule, regardless of the outcome of discussions with the FT.

The new UK Equity Index Contract will begin trading on May 3, followed by the US Dollar Long Interest Rate Contract on June 21. A single Equity Index contract will be valued at £25 for each point on the new index at the time of purchase or sale. Its present value would therefore be £26,000 to £27,750.

Settlement will be in March, June, September and December and will be in cash. The argument is that the Equity Index contract will be used by individuals and institutions genuinely seeking to

STC chairman predicts rapid growth as profits soar 43%

By Jeremy Warner

Standard Telephones and Cables, the big telecommunications and defence electronics group, is on course for a period of sustained sales and profits growth, Sir Kenneth Corfield, its chairman said yesterday.

Announcing that pretax profits for calendar 1983 rose 43 per cent from £64.3m to £92.2m, Sir Kenneth was in a bullish mood about the future for his company, predicting that markets for most of STC's communications products and profits growth for all its activities.

"We have doubled in size during the past four years and we expect to double again

during the next four years," Sir Kenneth said. "The outstanding order book and renewed growth in submarine cable business all point to having had a good year and one which will be bettered in 1984."

Sir Kenneth said that his company was in an industry that was growing worldwide by 14 to 15 per cent a year, and one that was creating thousands of jobs a year in other countries. "We could do the same in Britain but the country is failing to move with the new technology," he said.

STC is expecting enormous rewards from its pioneering work in optical fibre technology. Its "monomode" transmission system has been adopted by British Telecom for its network, helping the group to achieve a 28 per cent increase in sales to the national telecommunications company last year.

British Telecom accounted for about a third of group sales in 1983 which themselves were up 46 per cent from £628.5m to £920.6m, helped by about £183.5m worth of turnover from companies acquired during the year.

Sir Kenneth said: "We are trying to become less dependent on one single customer for our business, but we have to run pretty fast to keep up with the growth in sales to BT. They

have gone through a metamorphosis and there is a very considerable change in their commercial outlook leading us to believe that our business with them will continue to develop."

The outstanding order book at the end of the year was £60m higher at £37.2m.

The company is lifting the final dividend to 4.75p, raising the total for the year by 25 per cent from 6p to 7.5p. Yesterday's profits were lower than the stock market had expected and the company's shares fell to 27p before recovering, in response to Sir Kenneth's bullish comments about the future, to close just 6p lower at 278p.

Bell bidding again for BHP

By Jonathan Clare

Mr Robert Holmes à Court, the Australian entrepreneur, is battling with Broken Hill Proprietary, Australia's biggest public company, for the second time in less than six months.

Yesterday he announced that Bell Resources, a 63.1 per cent-owned offshoot of his Bell Group, was making a partial bid for BHP which is likely to make it BHP's biggest shareholder.

In September, he launched a full takeover bid for BHP, which netted him less than 2 per cent of the shares through Bell Resources, then called Wigmore and in the tractor distribution business.

Then, as now, his aim was to swap Bell Resources shares for BHP's blue-chip shares, which the Australian financial community believes to be almost as good as cash.

Yesterday's offer was seven Bell Resources shares for every Bell in BHP up to a total of 16



Holmes à Court: Back into battle with BHP

million BHP shares, with no closing date. The bid is worth \$422.4m (£145m). Success would give him a stake of about 6.5 per cent - more than that of the Australian Mutual Provident Society.

BHP, which largely ignored last September's full bid, has been stung into action by the

latest offer, which is attractive to Australian institutional investors. Yesterday it announced a scrip issue as an inducement to shareholders to retain BHP shares rather than accept the offer.

Sir James McNeil, BHP's chairman, also strongly criticized the Bell offer and said he was taking legal advice on the adequacy of the information contained in the tender documents.

Mr Holmes à Court has built up a stake of 9.5 per cent in Fleet Holdings in Britain and is widely expected to bid, though he may be content to succeed Lord Matthews as chairman.

Bell's offer for BHP is worth A\$15.05 a share, against a current market price of A\$13.90. There is an alternative offer, which includes share options in Bell Resources.

Yesterday Sir James told his shareholders that Bell's offer was based on the rapid rise in Bell's share price.

Rival bidder for Border is named

By Our Financial Staff

Marston, Thompson & Evershed, the Burton-based brewer, has emerged as the mystery bidder for Border Breweries (Wrexham) with an 8.2 per cent share stake in the company.

Forshaw's Burtonwood Brewery of Warrington has already made a £9.4m offer for the north Wales company and if Marston decided to launch a counter bid, it will have to offer considerably more than Forshaw's 175p a share cash terms. Marston paid just over 202p a share for a part of its stake and under City rules it must offer at least as good for the rest if it bids.

Whitbread Investment Trust has a substantial share holding in both Marston and Border and it is highly probable that a merger between the two companies already has its blessing. Border would extend Marston's geographical spread of pubs into north Wales.

Border announced last week that it was in talks with an unnamed company. Forshaw's which had tried unsuccessfully on several occasions in the past to open serious merger talks with Border then launched its takeover bid in an attempt to flush out the mystery bidder.

A spokesman for Forshaw's merchant bank, Samuel Montagu, said last night the emergence of Marston as the unnamed company had come as a complete surprise.

Samuel Montagu said that it was aware of the fact that the company eventually went to Marston at 202p a share was being bawled around by the stock broker Panmure Gordon in recent weeks but his client had not been prepared to pay that price for the stake at that stage.

Cyprese, part of BOC Group's health care division, is to invest £5m in constructing a medical equipment manufacturing facility, a research and development centre, and office accommodation on a 15-acre site at Steeton, West Yorkshire.

Output rise of 2% 'at healthy pace'

By Frances Williams, Economics Correspondent

The output of the British economy grew by just over 2 per cent last year after rising by 1.25 per cent in 1982, the latest official figures show.

The output measure of gross domestic product rose by 0.5 per cent in the final quarter to stand 2.5 per cent above its level a year earlier, according to preliminary estimates by the Central Statistics Office. This was rather less than the City had hoped. But the Treasury took a more cheerful view, saying that the figures showed recovery was continuing "at a healthy pace".

The relatively slow growth of the output measure of gdp - generally considered the most reliable guide to short-term changes in the economy - does not mean that the Government's 3 per cent growth forecast for 1983 is out of court. It uses an average of all three gdp measures. The other two, income and expenditure are expected to show a more buoyant picture when the fourth quarter estimates are published next month.

In theory, all three measures

GROSS DOMESTIC PRODUCT

All constant factor cost, seasonally adjusted, 1980 = 100

	Output data	average estimate
1978	103.3	102.6
1980	100.0	100.0
1981	98.0	98.5
1982	98.3	100.4
1983	101.4	
1982 Q3	99.7	100.2
Q4	99.9	101.5
1983 Q1	100.7	103.1
Q2	100.7	102.3
Q3	101.9	103.1
Q4	102.4	

Preliminary estimate Source: CSO

Rank counts the cost of changes

By William Kay, City Editor

The price of appeasing the City has been spelt out by Sir Patrick Meany, the incoming chairman of the long troubled Rank Organisation.

Rank's latest annual report shows that the company has had to pay £436,000 in compensation to four former directors who left last year during a sustained campaign for changes at the top by the City's

institutional shareholders.

The four who left were Mr Russell Evans, chairman; his deputy, Mr Harry Smith; Mr Brian Smith, the group managing director; and Mr Keith Russell, chief executive of the Australian division.

The report does not reveal who received how much. But Mr Evans and Mr Smith would probably have received the biggest sums. Mr Evans was a long-standing associate of Sir John Davis, Rank's colourful

chairman in the company's heyday. Mr Smith left in November after 15 years' service.

At the beginning of September Sir Patrick, previously a non-executive director, was promoted to chairman and Mr Michael Gifford was recruited from Cadbury Schweppes as chief executive.

Confidence in the new team has been such that Rank's shares have risen from 170p to 242p, adding about £140m to the group's stock market value.

Recovery by dollar

The dollar steadied yesterday after its sharp decline last week, gaining 45 points against the Deutschmark to DM 2.6855 compared with pre-weekend levels. Trading was quiet, with New York closed for Washington's birthday.

The American currency was helped by firmer Eurodollar deposit rates and renewed concern over the Middle East. But its relatively uninspired performance has strengthened the belief despite day-to-day fluctuations the dollar is on a downward trend.

Sterling slipped slightly against most leading currencies, including the dollar. It was down 45 points from Friday at \$1.4460, while its trade-weighted index lost 0.2 to 82.3.

STOCK EXCHANGES

SE 100 Index: 1,035.4 down 0.3 (day's high, 1,038.7, low, 1,034.2)
FT Index: 812.5 down 3.7
FT Gilt: 82.79 unchanged
FT All Shares: 490.86 down 1.13
Bargains: 23,164
Datastream USM Leaders Index: 106.72 up 0.8
New York Dow Jones Industrial Average: closed Tokyo: Nikkei Dow Jones Index: 9,937.83 up 16.02
Hongkong: Hang Seng Index: 1,072.81 down 22.06
Amsterdam: 169.0 up 1.1
Sydney: AO Index 751.0 up 0.7

CURRENCIES

LONDON CLOSE

Sterling \$1.4460 down 45pts
Index 82.3 down 0.2
DM 3.8875 down 0.0050
FF 11.9725 up 0.0025
Yen 337.75 down 0.0075
Dollar Index 128.8 up 0.1
DM 2.6857 up 45 pts

NEW YORK LATEST
Sterling \$1.4502
Dollar DM 2.6827

INTERNATIONAL
ECU £0.577016
SDR £0.726397

INTEREST RATES

Domestic rates:

Bank base rates 9
Finance houses base rate 9½
Discount market loans week fixed 9½-9
3 month interbank 9/16-9/8
Euro-currency rates:
3 month dollar 10/16-10/16
3 month DM 5/8-5/4
3 month FF 15/16-15/16

US rates:

Bank prime rate 11.00
Fed funds 9/16
Treasury long bond 99/732-99/932

GOLD

London fixed (per ounce):
am \$384.50 pm \$385.25
close \$385.20-\$385.70 (£266.25-266.75)
New York (latest): \$384.75
Krugerrand (per coin): \$397-398.50 (£266.25-266.75)
Sovereigns (new): \$90-25-81-25 (£262.25-63)
Excludes VAT

Base Lending Rates

ABN Bank 9%
Barclays 9%
BCCI 9%
Citibank Savings 110%
Consolidated Crds 9%
Continental Trust 9%
C. Hoare & Co 9%
Lloyds Bank 9%
Midland Bank 9%
Nat Westminster 9%
TSB 9%
Williams & Glyn's 9%

↑ Mortgage Base Rate.

7 day deposit on basis of under £10,000: 8½% £10,000 up to £50,000: 9½% £50,000 and over: 7½%

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We are an independently managed investment trust with assets of £166 million invested world wide for capital growth.

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Our currency exposure is significantly hedged and includes Sterling 50%, Yen 24%, U.S. Dollars 17% and D-Marks 4%.

Year to 30th November	1983	1982
Total assets	£166,124,000	£129,493,000
Net asset value	231.3p	179.9p
Total income	£6,206,000	£5,010,000
Dividend	3.45p	3.35p

For your copy of the 1983 Annual Report return this coupon to:
INVESTORS CAPITAL TRUST PLC
9 Charlotte Square, Edinburgh EH2 4DY.

Name _____
Address _____
or Telephone 031-225 4533.

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange"), for the purpose of giving information with regard to the Asian Development Bank (the "Bank") and the Stock. The Bank has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Bank accepts responsibility accordingly.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not contained herein must not be relied upon as having been authorised by the Bank or by any of the Underwriters set forth below. This Prospectus does not constitute an offer to subscribe or sell or a solicitation of an offer to subscribe or buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The issuance of this Prospectus and the issue, subscription, offering and sale of the Stock is not a waiver by the Bank or by any of its members, Governors, Alternate Governors, Directors, Alternate Directors, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement Establishing The Asian Development Bank or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

The Stock is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in, the United States, including the estate of any such person and any corporation, partnership or any other entity created or organised in the United States. "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction. References herein to "\$" or "dollars" are to United States dollars.



Dated 20th February, 1984

Asian Development Bank

Issue on a yield basis of

£100,000,000 Loan Stock 2009

payable as to £25 per cent. of the nominal amount on application and as to the balance of the issue price not later than 24th July, 1984 with interest payable half yearly on 24th September and 24th March.

The Issue has been underwritten by

S. G. Warburg & Co. Ltd.

Baring Brothers & Co., Limited

Kleinwort, Benson Limited

J. Henry Schroder Wagg & Co. Limited

County Bank Limited

Morgan Grenfell & Co. Limited

The £100,000,000 Loan Stock 2009 (the "Stock") will be available either in registered form ("Registered Stock") represented by stock certificates ("Stock Certificates") or, at the election of the person entitled thereto, in bearer form represented by bearer bonds ("Bearer Bonds") in the denomination of £5,000 each.

Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List for dealing in the Gilt-edged market. It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, 24th February, 1984 without documents of title and at seller's risk for deferred settlement on Tuesday, 1st March, 1984.

Renounceable allotment letters (partly paid) in respect of the Stock will be issued on Wednesday, 29th February, 1984. Stock Certificates and Bearer Bonds will be available on 24th August, 1984 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 23rd FEBRUARY, 1984 AND WILL CLOSE LATER THE SAME DAY.

INFORMATION RELATING TO THE ISSUE

Procedure for Application

Each application for Stock must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU (the "Receiving Bank") not later than 10.00 a.m. on Thursday, 23rd February, 1984 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock—

Amount of Stock applied for	Multiple
Up to £1,000	£100
£1,000 to £10,000	£1,000
£10,000 to £100,000	£10,000
£100,000 or greater	£100,000

S. G. Warburg & Co. Ltd., on behalf of the Bank, reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the relevant application form and the amount paid thereon will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned.

S. G. Warburg & Co. Ltd., on behalf of the Bank, will announce the basis of allotment by 9.30 a.m. on Friday, 24th February, 1984. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (*inter alia*) upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 29th February, 1984. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Underwriters exercise their right to terminate the Underwriting Agreement or if the conditions are not fulfilled (see "Underwriting Arrangements" below).

Terms of Payment in Respect of Applications

Each application, unless made by a recognised bank or stockbroker (as defined below) taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Plc" and crossed "ADB Loan", representing payment at the rate of £25 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment, for payments of £10,000 or more, is available only to recognised banks or stockbrokers who irrevocably engage in the application forms lodged by them to pay the Receiving Bank for credit to the account designated "ADB Loan—Alternative Payment" by 10.00 a.m. on Wednesday, 29th February, 1984 the amount in Town Clearing Funds (as defined below) representing payment at the rate of £25 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

The despatch of any letter of allotment, and the refund of surplus application moneys (if any), may at the discretion of S. G. Warburg & Co. Ltd., on behalf of the Bank, be withheld until the applicant's remittance has been cleared. In the event of such withholding, the applicant will be notified by letter by the Receiving Bank of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to clearance of his remittance, but such notification will confer no right on the applicant to transfer the Stock so allocated.

Settlement of the balance due on 24th July, 1984 may be made either by means of a cheque drawn as aforesaid, to be despatched to the Receiving Bank so as to be cleared not later than 12 noon on 24th July, 1984 or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by the Receiving Bank not later than 10.00 a.m. on 24th July, 1984. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 24th July, 1984. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. The Bank further reserves the right, without prejudice to any other rights, in default of payment of such balance, to sell any such Stock fully paid for its own account.

Interest at the rate of two per cent. above the Base Rate for the time being of Lloyds Bank Plc may be charged on any overdue amount which may be accepted.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as S. G. Warburg & Co. Ltd., on behalf of the Bank, shall determine for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

Delivery

Renounceable allotment letters (partly paid) in respect of Stock allotted will, except as provided for in the following sentence, be despatched on Wednesday, 29th February, 1984 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form. A recognised bank or stockbroker (as defined above) using the alternative method of payment may, by ticking Box A on the application form, request that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for collection between 3.00 p.m. and 5.00 p.m. on Wednesday, 29th February, 1984. Any uncollected allotment letters will be despatched by first class post as above.

Allotment letters may be split up to 3.00 p.m. on 20th July, 1984 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by the Receiving Bank at or before 3.00 p.m. on 24th July, 1984 or an election has been made to receive Bearer Bonds in accordance with the following paragraph, the Stock represented by such allotment letter will be registered in the name of the original allottee and thereafter Registered Stock will be transferable only by instrument of transfer.

Allotment letters will provide for holders of Stock to elect to take delivery of Bearer Bonds, in the denomination of £5,000 each only, instead of Registered Stock. Each holder of Stock who elects in the allotment letter to receive Bearer Bonds may choose to receive the Bearer Bonds in one of the following ways—

- by collection from the offices of Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA; or
- by delivery to an existing account with the Euro-clear System or CEDEL S.A.; or
- by post, at the risk of the applicant.

Bearer Bonds are expected to be available for delivery on and after 24th August, 1984.

Stock Certificates will be despatched on 24th August, 1984 at the risk of registered holders of Stock to each registered holder (or, in the case of joint holders, to the first-named) at his registered address.

After 24th August, 1984 allotment letters will cease to be valid for any purpose.

No Stock Certificate and no Bearer Bond will be made available unless the relevant Stock is fully paid.

Underwriting Arrangements

By an Underwriting Agreement dated 20th February, 1984, S. G. Warburg & Co. Ltd., Baring Brothers & Co., Limited, County Bank Limited, Kleinwort, Benson Limited, Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited (the "Underwriters") have agreed with the Bank to underwrite the issue of the Stock. The Underwriting Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd., on behalf of the Underwriters, may in certain circumstances terminate the Underwriting Agreement. If the Underwriting Agreement is so terminated or does not become unconditional, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield equal to the Issue Yield as determined on the basis described below.

The Issue Yield shall mean the sum of 1.35 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13th per cent. Treasury Stock 2004-08, the price ex dividend of such Treasury Stock to be the price determined by S. G. Warburg & Co. Ltd. to be the arithmetic mean of the bid and offered prices quoted at 3.00 p.m. on Wednesday, 22nd February, 1984 on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis set out under "Calculation of Gross Redemption Yields" below.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £87½ per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 23rd February, 1984.

Calculation of Gross Redemption Yields

Gross redemption yields will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and the Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries* Vol. 105, Part 1, 1978, Page 18.

TERMS AND CONDITIONS OF THE STOCK

The £100,000,000 Loan Stock 2009 (the "Stock") of Asian Development Bank (the "Bank") has been authorised by a resolution of the Board of Directors of the Bank passed on 16th February, 1984 and will be issued pursuant to an instrument to be dated 23rd February, 1984 and to be executed by the Bank (the "Instrument").

The Stock will not be an obligation of any government.

Status

The Stock will represent a direct and unsecured obligation of the Bank and will rank *pari passu* with all bonds, notes and other evidences of indebtedness issued, assumed or guaranteed by the Bank.

Negative Pledge

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge or security for any indebtedness hereof or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such other indebtedness.

Interest

The Stock will bear interest from 29th February, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on 24th September and 24th March in each year ("Interest Payment Dates"), except that the first payment of interest in respect of the period from (and including) 29th February, 1984 to (but excluding) 24th September, 1984 will be paid on 24th September, 1984 and will be calculated using the following formula—

$$£1 = \left(\frac{146}{365} \times \frac{25}{P} \times R \right) + \left(\frac{62}{365} \times R \right)$$

where £1 is the first payment of interest on £100 nominal amount of Stock; R is the percentage rate of interest attaching to the Stock; and P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

Form

The Stock will be available either in registered form ("Registered Stock") represented by stock certificates ("Stock Certificates") or, at the election of the person entitled thereto, in bearer form represented by bearer bonds ("Bearer Bonds") in the denomination of £5,000 each. On or after 25th August, 1984 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £5,000 for Bearer Bonds and Bearer Bonds may be exchanged for Registered Stock. On issue, an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received during the period commencing on the day following a Record Date (as hereinafter defined) and expiring on the immediately succeeding Interest Payment Date (both days inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Bonds made before the issue of definitive documents of title must be made before 3.00 p.m. on 24th July, 1984 in accordance with the instructions contained in the allotment letter which will be issued to persons to whom Stock is allotted (see "Delivery" above). On or after the issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, Principal Paying Agent and Exchange Agent and the Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at a specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

SELECTED INFORMATION RELATING TO ASIAN DEVELOPMENT BANK

Asian Development Bank is an international financial organisation which was established in 1966 in order to foster economic growth in its developing member countries in Asia and the Pacific. The Bank's capital stock is owned by its 45 member countries. As at 31st December, 1983, of the Bank's capital stock, approximately 64 per cent. was owned by member countries which were also members of OECD (Organisation for Economic Co-operation and Development). The Bank's primary activity is making loans to finance projects in the territories of its developing member countries. Such activity is divided into ordinary and special operations, for which separate financial statements are maintained. Ordinary operations are financed from ordinary capital resources and special operations from Special Funds resources, most of which are contributed by members. Under the Agreement Establishing The Asian Development Bank (the "Charter"), the ordinary capital resources and the Special Funds resources of the Bank must at all times be held and used entirely separately from each other.

The Bank's present policy is to limit total borrowings and guarantees in its ordinary operations to a total not exceeding the callable capital stock of members whose currencies are convertible.

Set out below are selected data relating to the Bank's ordinary operations and ordinary capital resources—

	Year ended 31st December			
	1980	1981	1982	1983
(millions of dollars)				
Cash (unrestricted), investments and Special Reserve Fund assets—end of year	1,400	1,676	1,962	2,303
Effective loans—end of year	2,095	2,332	2,685	3,106
Disbursed and outstanding—end of year	2,362	2,744	3,352	3,613
Borrowings outstanding—end of year				
From capital markets	1,523	1,881	2,479	3,164
From official sources	349	393	331	265
Capital and reserves—end of year				
Paid-in capital, reserves and accumulated net income	2,173	2,301	2,375	2,502
Callable capital	7,084	6,681	6,363	9,852
Net income	146	161	175	180
Cash (unrestricted), investments and Special Reserve Fund assets as a percentage of—				
Borrowings outstanding—end of year	74.79%	73.70%	69.82%	67.16%
Disbursed loan balances—end of year	59.27	61.08	58.53	63.73
Average cost of—				
Borrowings contracted during year	8.70%	9.30%	9.72%	8.54%
Borrowings outstanding during year	7.81	8.14	8.38	8.56
Total borrowings outstanding and other funds available during year	4.18	4.28	4.82	5.19
Average interest rate on—				
Loans approved during year	8.79%	9.99%	11.00%	10.56%
Disbursed and outstanding loans—end of year	8.08	8.08	8.12	8.23
Commitment charge on undischarged loans	0.75%	0.75%	0.75%	0.75%
Return on—				
Average investments	9.81%	10.56%	11.42%	10.28%
Average earning assets	9.26	9.65	10.06	9.58
Average life (years) of—				
Total borrowings outstanding—end of year	5.78 yrs.	7.03 yrs.	7.41 yrs.	7.72 yrs.
Approved loans—end of year	11.22	11.25	11.35	11.22

The above information should be read in conjunction with the detailed information and financial statements appearing elsewhere in this Prospectus.



Asian Development Bank

An application to exchange Registered Stock for Bearer Bonds shall have attached thereto the Stock Certificates to which such application relates and an application to exchange Bearer Bonds for Registered Stock shall have attached thereto the Bearer Bonds to which such application relates together with all unattached Coupons appertaining thereto. Failing presentation of all unattached Coupons appertaining to any Bearer Bond, no exchange shall be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date (both days inclusive), a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured. If the Stock Certificate attached to an application for the exchange of Registered Stock for Bearer Bonds relates to a greater nominal amount of Stock than that in respect of which application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of \$5,000, the balance of such Stock which remains in registered form and a Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form.

The initial Exchange Agent is Lloyds Bank Plc and its specified offices are at Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA and Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or such other place or places as the Bank may from time to time agree and notify to holders of Stock in accordance with "Notices" below. The Bank reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall take effect until a new Exchange Agent having a specified office in London has been appointed and notice of such appointment has been given to holders of Stock in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates issued in exchange for Bearer Bonds will be available for collection at a specified office of the Exchange Agent or will be despatched in accordance with the instructions contained in the application, in each case within three business days of receipt of the relevant application duly completed.

Transfer

Registered Stock will be transferable in amounts and multiples of one penny by instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied. The initial Registrar and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is Lloyds Bank Plc and its specified offices are at Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA and Issue Section, 111 Old Broad Street, London EC2N 1AU or such other place or places in Great Britain as the Bank may from time to time agree and notify to holders of Stock in accordance with "Notices" below. The Bank reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a specified office in Great Britain has been appointed and notice of such appointment has been given to holders of Stock in accordance with "Notices" below.

Bearer Bonds will be transferable by delivery.

Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the Stock will be redeemed at par on 24th March, 2009.

(b) Purchase Fund

The Bank will irrevocably authorise and direct S. G. Warburg & Co. Ltd. or its successor as purchase agent (the "Purchase Agent") to endeavour to purchase on The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") or otherwise £2,500,000 nominal amount of Stock (with, in the case of Bearer Bonds, all unattached Coupons appertaining thereto) for the account of the Bank during the 12 months ending on 28th February in each of the three years 1985 to 1987.

Purchases will be made at such prices (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider reasonable, but not exceeding the issue price, and at such times within each such period as the Purchase Agent may at its sole discretion determine. Stock purchased by the Bank may be applied (with, in the case of Bearer Bonds, all unattached Coupons appertaining thereto) at the nominal amount thereof against the nominal amount of Stock to be purchased pursuant to this sub-paragraph (b) in the period in which the purchase by the Bank is made.

If, in respect of any such period, the required nominal amount of the Stock is not so purchased or applied, the Purchase Agent will be irrevocably authorised and directed to endeavour to purchase the balance of such amount during the six months following. Such purchases will be made before Stock is purchased for the then current period.

All Stock so purchased or applied will be cancelled and will not be reissued. Within 21 days of each Interest Payment Date, the Bank will announce the nominal amount of Stock cancelled pursuant to this sub-paragraph (b) during the six months preceding such Interest Payment Date and the period in respect of which such cancellations were effected.

(c) Purchases

The Bank may at any time purchase Stock on The Stock Exchange (or any other stock exchange on which the Stock is listed for the time being) or by tender (available to all holders of Stock alike) at any price or by private treaty at a price (exclusive of accrued interest and all costs of purchase) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but save as aforesaid the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with the Stock, which may or may not be cancelled as the Bank thinks fit.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by warrants drawn on a Town Clearing Branch of a bank in the City of London, which will be sent at the holders' risk by post to persons who are registered as holders of Stock at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which a specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Bonds, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons at the specified office of any Paying Agent by a cheque drawn on a bank in London or by transfer to an account maintained by the payee with a bank in London, subject in each case to any laws or regulations applicable thereto. However, no Paying Agent in the United Kingdom shall, unless the Bank notifies holders of Stock to the contrary in accordance with "Notices" below, make any payment of interest against presentation of Coupons.

Bearer Bonds should be surrendered for redemption together with all unattached Coupons, failing which the face value of any missing unattached Coupon (or, in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the nominal amount of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupons at any time before the expiry of a period of 10 years after the due date for redemption, whether or not such Coupons would otherwise become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such amount until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph "Payments", the expression "business day" means any day on which banks are open for business in the place where the specified office of the Paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee in London as referred to above) on which dealings in pounds sterling may be carried on both in London and in such place.

The Bank will at all times maintain a Paying Agent in London and in at least one country in Europe other than the United Kingdom. Holders of Stock will be notified in accordance with "Notices" below of the replacement of any Paying Agent, a change in its specified office or the appointment of any additional paying agent. The initial Paying Agents and their specified offices are Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, B-1040 Brussels, Belgium, and Kredietbank S.A., Luxembourg, 43 Boulevard Royal, P.O. Box 1108, Luxembourg.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund for, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its principal office in Metro Manila, Philippines (or such other address as the Bank may notify to holders of Stock in accordance with "Notices" below), written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable (together with interest accrued to the date of repayment), unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

The Bearer Bonds will become void unless surrendered for payment within a period of 10 years and the Coupons will, except as mentioned in "Payments" above, become void unless surrendered for payment within a period of five years, in each case from the due date.

In the case of Registered Stock, principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of five years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or unattached Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified offices of the Principal Paying Agent and the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Principal Paying Agent and the Registrar may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacement will be issued.

Title to Bearer Bonds and Coupons

The Bank and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice to the contrary or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices

All notices shall be valid if despatched by post to the holders of Registered Stock at their registered addresses (in the case of joint holders to the address of the first-named) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper having general circulation in Europe. It is expected that publication of such notices will normally be made in the *Financial Times*. Any such notice shall be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Meetings of Holders of Stock and Modification of Rights

The Instrument will contain provisions for convening meetings of holders of Stock to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the terms and conditions of the Stock or the provisions of the Instrument. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the nominal amount of the Stock for the time being outstanding, or at any adjourned such meeting two or more persons being or representing holders of Stock whatever the nominal amount of the Stock for the time being outstanding so held or represented. An Extraordinary Resolution will require a majority of not less than three quarters of the votes cast thereon and when passed at any meeting of holders of Stock duly convened and held in accordance with the provisions of the Instrument will be binding on all holders of Stock, whether or not they are present at the meeting, and on all holders of Coupons.

Law

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

INFORMATION RELATING TO THE STOCK

Stock Exchange Dealing

The Stock, in both registered and bearer forms, will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market and will normally be traded for settlement and delivery on the dealing day after the date of the transaction. The price of the Stock will be quoted inclusive of accrued interest.

It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, 24th February, 1984 without documents of title and at seller's risk for deferred settlement on Thursday, 1st March, 1984.

Current United Kingdom Taxation and Stamp Duty

Interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax. In the case of Registered Stock the Registrar will, on the occasion of each interest payment, supply the Inland Revenue with the names and addresses of the holders of the Registered Stock to whom interest is due, the amount of Registered Stock held by them, the names and addresses of any other persons to whom interest is paid on the instructions of such holders and the amount of interest paid to each such person.

The United Kingdom Inland Revenue have confirmed that, notwithstanding that the issue price of the Stock will be below its nominal value, under current law no part of that nominal value paid on redemption of the Registered Stock or the Bearer Bonds in 2009 (or upon the Stock becoming redeemable following an event of default pursuant to the provisions set out under "Events of Default" above) will be treated as subject to United Kingdom tax as income (except where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes). They have also confirmed that, under current law, on a disposal of the Stock in the open market by a holder of the Stock (other than a person holding the Stock as a dealer for United Kingdom tax purposes, but including any disposal on a purchase made by the Bank or the Purchase Agent pursuant to the provisions set out under "Redemption and Purchase" above), no part of the disposal proceeds received will be subject to tax as income.

Applicants for the Stock should be aware that, following the publication of various press releases and a consultative document, draft legislation entitled "Deep Discounted Securities" was published by the United Kingdom Inland Revenue in December 1983, with a proposal that this legislation be included in the 1984 Finance Bill. The Inland Revenue have confirmed that, if legislation should be enacted in the form of the draft legislation, the United Kingdom tax position on a redemption or disposal of the Stock will remain as outlined in the preceding paragraph.

Applicants for the Stock who are uncertain as to the current or future United Kingdom tax treatment resulting from the issue of the Stock at a price below its nominal value, or as to the treatment under the revenue laws of other jurisdictions, should consult their professional advisers.

Holders of the Stock who are liable to United Kingdom taxation on capital gains should note that the provision in section 67 of the Capital Gains Tax Act 1979 which exempts from taxation capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months does not apply to the Stock.

Under current United Kingdom law, transfers of Stock are free of United Kingdom stamp duty.

Trustee Status

Registered Stock, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Investment by trustees in Bearer Bonds is subject to the provisions of section 7 of the Trustee Act 1925.

ASIAN DEVELOPMENT BANK

The Asian Development Bank (the "Bank"), an international financial organisation, was established in 1966 and operates under the Agreement Establishing The Asian Development Bank (the "Charter") which is binding upon the 45 member countries currently comprising its share-holders.

The purpose of the Bank is to foster economic growth and co-operation in Asia and the Pacific (the "region") and to contribute to the economic development of the developing member countries in the region.

The principal office of the Bank is located in Metro Manila, Philippines, where the Bank has a staff of about 1,465 drawn from 33 countries. Under the Charter, and in accordance with a Headquarters Agreement with the Republic of the Philippines, the Bank's financial transactions are not subject to any Philippine laws relating to taxes, foreign exchange or other financial controls. The Bank has also established a resident office in Bangladesh. The Bank may establish agencies or branch offices elsewhere.

As at 31st December, 1983, the Bank had 45 members, which had subscribed \$11,509.9 million of its capital stock, of which \$1,657.7 million was paid-in and the remainder was callable. The membership of the Bank reflects the intention of the founders that, while its operations should be limited to the region, it should incorporate the active participation and financial resources of developed nations outside the region. The Bank currently has 31 regional members, including Japan, Australia and New Zealand, providing 58 per cent. of its capital, and 14 non-regional members, comprising the United States, Canada and 12 Western European countries, including the United Kingdom, providing 42 per cent. of its capital. The percentage of voting power in the Bank's affairs held by the respective members is related, but is not directly proportional, to their capital subscriptions. The aggregate voting power of the developed member countries, which include all the non-regional members together with Japan, Australia and New Zealand, represents approximately 59 per cent. of the total. The members and their respective voting power and subscriptions to the Bank's capital stock as at 31st December, 1983 are set out in Appendix VI.

The Bank's primary activity is making loans to finance projects located within the territories of its developing members. Such activity is divided into ordinary operations and special operations. Up to 31st December, 1983, the Bank had approved loans aggregating \$9,173.7 million in its ordinary operations. Such operations are financed from the Bank's ordinary capital resources, which consist primarily of its subscribed capital stock, the proceeds of borrowings and funds derived from ordinary operations. Up to 31st December, 1983, the largest borrowers from the Bank in its ordinary operations, accounting for 96 per cent. in aggregate amount of all approved ordinary operations loans, were Indonesia (24 per cent.), the Republic of Korea (19 per cent.), the Philippines (19 per cent.), Thailand (14 per cent.), Malaysia (10 per cent.), Pakistan (8 per cent.) and Singapore (2 per cent.).

Special operations loans are made primarily to those developing member countries having lower per capita gross national products ("GNPs") and debt repayment capacities than other developing members. Up to 31st December, 1983, the Bank had approved loans aggregating \$4,213.8 million in its special operations. Resources used for special operations loans, most of which are contributed by members, are segregated from ordinary capital resources.

The Charter requires separate financial statements for ordinary operations and special operations and provides that the ordinary capital resources shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which special operations resources were originally used or committed.

In addition to its loan operations, the Bank extends technical assistance in the form of grants or loans for project preparation and evaluation, development planning and other purposes.

USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Stock will be included in the ordinary capital resources of the Bank and used in its ordinary operations.

MEMBERSHIP AND SUBSCRIPTION OF THE UNITED KINGDOM

The United Kingdom has been a member of the Bank since its establishment in 1966. As at 31st December, 1983, the United Kingdom had subscribed \$378.3 million of the Bank's capital stock, being 3.3 per cent. of the Bank's capital stock, and was entitled to cast 3.1 per cent. of the total votes. As at 31st December, 1983, the United Kingdom was, by reference to capital stock subscribed, the fourth largest non-regional member of the Bank.

CAPITALISATION

The following table sets out the outstanding borrowings, capital stock and reserves and accumulated net income relating to the Bank's ordinary operations as at 31st December, 1983. These figures are unaudited:—

	(millions of dollars)
Borrowings (Notes 1, 2 and 3)	
Payable in Japanese yen	1,219.6
Payable in Deutsche Marks	745.7
Payable in Swiss francs	655.0
Payable in U.S. dollars	555.6
Payable in Netherlands guilders	167.2
Payable in other currencies	85.5
Total Borrowings	3,428.6
Capital Stock	
Subscribed	11,509.9
Less—callable capital subscribed	9,852.2
Paid-in capital subscribed	1,657.7
Less—other adjustments (Note 4)	212.2
Reserves and Accumulated Net Income (Note 5)	1,445.5
	1,056.4
Total Capital Stock, Reserves and Accumulated Net Income	2,501.9
Total Capitalisation (Note 1)	5,930.5

Notes:—

- (1) Includes unamortised discounts and premium of \$10.0 million on interest-bearing obligations, and current maturities of \$10.2 million.
- (2) For additional information regarding borrowings and the Bank's practice of making loans in borrowed currencies, see "Borrowing and Liquidity Policies and Instruments Practices" below.
- (3) See Note 3 to Appendix V.
- (4) Consists of \$49.8 million transferred in Special Funds for special operations and \$16.4 million of paid-in capital subscribed but not due.
- (5) After deducting accumulated unutilised adjustments of \$76.9 million and adding advance payments on subscriptions of \$0.3 million.

CAPITAL STOCK

Under the Charter, the capital stock of the Bank and the subscriptions of members are expressed in terms of the United States dollar of the weight and fineness in effect on 31st January, 1966 (the "1966 dollar"). Until 31st March, 1978, the 1966 dollar was translated by the Bank into current United States dollars on the basis of the par value of the United States dollar notified to the International Monetary Fund (the "IMF"). On that basis, the 1966 dollar equaled \$1.20635 as at 31st March, 1978. On 1st April, 1978, amendments to the IMF's Articles of Agreement were brought into force as a result of which currencies no longer have par values, gold was abolished as a common denominator of the monetary system and all calculations for purposes of the IMF's Articles of Agreement are made on the basis of the Special Drawing Right (the "SDR").

The Bank is considering the effect of the amendments to the IMF's Articles of Agreement on the denomination and valuation of the Bank's capital stock and the rights and obligations of members with respect thereto. Pending a decision on these matters, the Bank has been preparing its financial statements by valuing its share capital on the basis of a substitution of 1 SDR for each 1966 dollar, expressing the amount of its capital stock and subscriptions in current dollars on the basis of the SDR/dollar conversion rate published by the IMF from time to time. As at 31st December, 1983, such value of 1 SDR was \$1.04695.

The Charter contains provisions under which a member is required to pay to the Bank additional amounts of its currency to maintain the value of the Bank's holdings in such currency (except those derived from borrowings and from contributions to Special Funds) and the Bank is required to pay to the member amounts of its currency necessary to adjust such value, in each case up to the amount of the member's paid-in capital. Pending a decision on the denomination and valuation of the Bank's capital, the Bank has suspended the implementation of these provisions.

As at 31st December, 1983, the authorized capital stock of the Bank was equivalent to \$15,461.4 million (\$17,815.5 million if each share were valued at \$12,063.50), of which an amount of \$11,509.9 million (\$13,262.4 million) had been subscribed by members. Approximately 14.4 per cent. of such subscriptions represented paid-in capital and approximately 85.6 per cent. callable capital.

PAID-IN CAPITAL

As at 31st December, 1983, 81.6 per cent. of the total paid-in capital of the Bank was paid or payable in gold or convertible currencies, and 18.4 per cent. in the currencies of members with non-convertible currencies. In determining whether a currency is convertible for these purposes, the practice of the Bank is to deem as convertible the currencies of those

member countries which act in respect to their currencies in a manner consistent with certain requirements of the IMF's Articles of Agreement. For those members whose currencies were determined to be convertible as at 31st December, 1983, see "Borrowing and Liquidity Policies and Investment Practices—Policy on Total Borrowing".

In accordance with the Charter, the Bank has accepted non-negotiable, non-interest-bearing demand obligations in lieu of a part of the amounts required to be paid in national currencies where such amounts have not been required by the Bank for the conduct of its operations. The amounts of such obligations held by the Bank as at 31st December, 1983 were equivalent to \$353.5 million.

The Bank's paid-in capital may be freely used in its ordinary operations, except that developing member countries and New Zealand have the right to restrict the use of a portion (aggregating \$3.7 million at 31st December, 1983) of their paid-in capital in making payments for goods and services produced and (except for New Zealand) intended for use in their respective territories.

The Charter authorises the Board of Governors by a vote of two thirds of the total number of Governors representing at least three quarters of the total voting power of the members to set aside to Special Funds up to 10 per cent. of the Bank's unimpaired capital paid in by members. As at 31st December, 1983, a total of \$49.8 million (3.4 per cent. of unimpaired paid-in capital) had been set aside and transferred to Special Funds.

CALLABLE CAPITAL

The callable portion of subscriptions to the Bank's capital stock is subject to call only when required to meet the obligations of the Bank on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources. Callable capital consequently may not be called to make loans. In the event of a call, payment may be made at the option of the member in gold, in convertible currency or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made.

Calls on the callable portion of subscriptions are required to be uniform in percentage terms on all shares of capital stock but obligations of the members to make payment upon such calls are independent of each other. Failure of one or more members to make payments on any such calls would not excuse any other member from its obligation to make payment and successive calls could be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required or any such call to pay more than the unpaid balance of the callable portion of its subscription to the Bank's capital stock. No calls have been made on the callable portion of the subscriptions.

INCREASES IN CAPITAL STOCK

Under the Charter, the capital stock of the Bank may be increased by the Board of Governors by a vote of two thirds of the total voting power of the members. In the event of a general increase in the Bank's capital, each member has a right to subscribe to the new shares in proportion to its existing shareholding but no member is obliged to subscribe to any portion of such increase.

General capital increases occurred in 1971 and 1976. On 25th April, 1982, the Board of Governors approved the third general increase in the Bank's authorised capital stock of 754,750 shares (from 722,057 shares to 1,476,807 shares) which became effective on that date. Each member is entitled to subscribe to 105 per cent. of the number of shares subscribed by it on the date of the resolution, with 5 per cent. of the subscription being paid-in shares and the remainder being callable shares. The resolution provides for instruments of subscription to be submitted by 31st May, 1984 or by such later date as the Board of Directors may determine. Pending a decision on the valuation of the Bank's capital stock, payment for the additional subscribed shares will be made, at the option of the subscribing member, on the basis of (i) \$12,063.50 per share, or (ii) SDR 10,000 per share, translated into currencies at exchange rates prevailing either on the dates on which payments are due or as at 30th September, 1982. The dollar equivalent value of subscriptions relating to the third general capital increase cannot be determined at this time.

The Charter also provides that, at the request of a member, the Board of Governors may authorise an increase in the subscription of such member on an individual basis; however, in such cases no increase can be authorised which would have the effect of reducing the percentage of capital stock held by regional members below 60 per cent. of the total subscribed capital stock.

SUMMARY OF INCOME AND EXPENSES — ORDINARY CAPITAL RESOURCES

The following summary of income and expenses relating to the ordinary capital resources of the Bank for each of the five years from the period ended 31st December, 1982 has been derived from financial statements examined by Deloitte Haskins & Sells, independent auditors, whose opinion thereon is included elsewhere in this Prospectus. The summary of income and expenses for the year ended 31st December, 1983 is unaudited; in the opinion of the management of the Bank such unaudited summary fairly presents the results for the year. The summary should be read in conjunction with the financial statements and related notes appearing in Appendices I to VII.

	Year ended 31st December				
	1978	1979	1980	1981	1982
	(thousands of dollars)				
Gross Income	214,563	260,323	309,036	347,055	413,672
Expenses					
Interest and other	111,629	126,258	142,408	157,676	202,731
Administrative expenses (Note 1)	14,524	15,423	15,592	27,910	35,086
Services to member countries (Note 2)	1,087	495	1,205	302	1,017
Other expenses (Note 3)	—	240	—	—	1,035
Gross Expenses	127,240	142,416	163,205	185,888	238,834
Net Income	87,323	117,907	145,831	160,967	174,838

Notes:—

- (1) Net of administrative charge to Special Fund operations. Such administrative charges for each of the six years ended 31st December, 1983 were (in thousands): 1978, \$14,524; 1979, \$15,423; 1980, \$15,592; 1981, \$27,910; 1982, \$35,086.
- (2) Expenses charged for technical assistance (See "Operations of the Bank—Technical Assistance" below).
- (3) Technical Assistance—below.

OPERATIONS OF THE BANK

LENDING POLICIES

The Bank is authorised under the Charter to make, participate in, or guarantee loans to its developing member countries or their governments, to any of their agencies or political subdivisions, and to public or private enterprises operating within such countries, as well as to international or regional entities concerned with economic development in the region. Such provides financing for projects of high developmental priority. The Bank provides financing to its borrowers to cover foreign exchange expenditures incurred in projects and also finances local expenditures to a limited extent in certain cases. Ordinary operations loans are denominated in United States dollars and are disbursed in various currencies. Since 1st January, 1983, the amounts of special operations loans have been denominated in SDR for the purpose of commitment, but are also disbursed in various currencies. The Bank requires its borrowers to bear exchange risks attributable to fluctuations in the value of the currencies which it has disbursed.

In evaluating the projects that it may finance, the Bank considers such factors as economic, technical and financial feasibility; effect on the general development activity of the country concerned; contribution to the removal of impediments to economic development; capacity of the borrowing country to service additional external debt; effect on domestic savings balance of payments effect; impact of new technologies on productivity, and expansion of employment opportunities. In response to regional needs, and the changing world situation, the Bank has increasingly emphasised loans for expanded food production, for the development of indigenous energy resources and for projects with direct income distribution and social benefits.

In considering an application for a loan, the Bank pays due regard to the ability of the borrower to obtain financing elsewhere on terms and conditions that the Bank considers reasonable. In the case of loans to borrowers other than member countries or their governments, the Bank may require that the member countries or their governments guarantee the loan. All currently outstanding loans to borrowers other than member countries or their governments are so guaranteed, with the exception of two loans to a member's central bank.

Except in special circumstances, the Bank requires that the proceeds of each loan be used by the borrower only for procurement of goods and services produced in member countries and required for the project being financed. The Bank supervises the disbursement of its loans to ensure that the proceeds are applied only against project expenditures as incurred. It generally insists that borrowers seek competitive bids from potential suppliers, that engineering plans and specifications be drawn up independently of the suppliers or manufacturers, and, if appropriate, that independent consultants be retained by borrowers.

The Bank is empowered by the Charter, under certain conditions, to guarantee, as primary or secondary obligor, loans for economic development projects in which the Bank also participates as a lender. To date, the Bank has not extended any such guarantee.

The Bank is also empowered, under certain conditions, to make equity investments. As at 31st December, 1983, the Bank had approved two such equity investments aggregating \$3.0 million.

ORDINARY OPERATIONS

Ordinary Operations Loans

Under the Charter, the total amount of loan commitments outstanding plus equity investments and guarantees made by the Bank in its ordinary operations may not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources, exclusive of a Special Reserve for meeting liabilities of the Bank on its borrowings and guarantees and other reserves not available for ordinary operations.

Between its establishment and 31st December, 1983, the Bank had approved 375 loans from its ordinary capital resources for projects in 16 developing member countries, in an aggregate principal amount of approximately \$9,173.7 million, including technical assistance loans refinanced in subsequent loans, of which \$4,157.6 million had been disbursed.

A breakdown by sector of the Bank's total ordinary operations loans approved and effective as at 31st December, 1983 is as follows:

Sector	Total Loans Approved to 31st December, 1983		Total Effective Loans as at 31st December, 1983	
	Amount (millions of dollars)	Per cent.	Amount (millions of dollars)	Per cent.
Energy ..	2,537.3	27.7	1,949.6	29.0
Agriculture and agro-industry ..	1,883.3	20.5	1,443.2	21.5
Transport and communications ..	1,439.8	15.7	1,211.9	18.0
Water supply ..	925.5	10.1	689.6	10.3
Industry and non-fuel minerals ..	357.5	3.9	163.6	2.4
Urban development ..	286.1	3.1	234.8	3.5
Education ..	325.8	3.6	194.2	2.9
Health and population ..	76.3	0.8	69.4	1.0
Development banks (Note 1) ..	1,342.1	14.6	762.4	11.4
Total ..	9,173.7	100.0	6,718.7	100.0

Notes:— (1) Loans to development banks in member countries which are re-lent to finance small and medium-scale industries in various sectors.

(2) After deducting adjustments aggregating \$231.2 million to reflect, in United States dollar equivalents, loans disbursed in currencies other than United States dollars and still outstanding in other currencies. Such adjustments arise from changes in exchange rates between the date of disbursement of these disbursed and outstanding currencies and 31st December, 1983. These loans are repayable to the Bank in the same currency in which they are disbursed.

The Bank's loans cover only portions of the total costs of the projects it finances, including in certain cases interest and other charges incurred during construction. Projects directly financed by the Bank from its ordinary capital resources with loans approved up to 31st December, 1983, were estimated, at the time of their respective approvals, to have a total aggregate cost of approximately \$18,169.6 million, of which approximately 40 per cent. was to be financed by the Bank. In addition, the Bank has made loans through national development banks for projects for which substantial local resources must also be made available.

The maturities of the loans extended by the Bank from its ordinary capital resources range between 10 and 30 years, including grace periods with respect to the repayment of principal ranging between two and seven years. The average life of loans committed at 31st December, 1983 was 11.22 years. As at 31st December, 1983, the maturity structure of the Bank's effective loans was as follows:—

Maturity	Total Effective Loans as at 31st December, 1983	
	Amount (millions of dollars)	Per cent.
1984/1988 ..	1,283.6	19.1
1989/1993 ..	1,789.7	26.6
1994/1998 ..	1,920.7	28.6
1999/2003 ..	1,420.7	21.2
2004/2008 ..	313.3	4.7
2009/2013 ..	41.2	0.6
Less—adjustments (Note 1) ..	250.5	3.7
Total ..	6,718.7	100.0

Notes:— (1) Represents translation adjustments of \$231.2 million and revaluations and premiums of \$19.3 million which have not been allocated to specific maturities.

Loans Loss Experience

The Bank has not suffered any loan losses in its ordinary operations to date and follows a policy of not taking part in debt rescheduling agreements. Occasional delays have occurred in loan service payments but these have not been material to the Bank's operations.

Loan Charges, Special Reserve and Return on Average Earning Assets

In its ordinary operations, the Bank's policy is periodically to set interest rates at levels which broadly reflect the cost of its borrowings, administrative expenses and its long-term income policies. Interest is charged only from the time of disbursement and remains at a fixed rate throughout the life of each loan. The Bank's ordinary operations lending rate has varied from 6 per cent. to 11 per cent. The rate is reviewed at least annually by the Board of Directors. On 9th June, 1983, the Board of Directors approved a new lending rate of 10% per cent. applicable to all loans approved from 1st July, 1983.

The Bank charges a commission on direct loans made or participated in as part of its ordinary operations. The commission is charged on the amount of each loan outstanding and must be at a rate of not less than 1 per cent. per annum, unless the Bank decides to reduce this rate by a vote of two thirds of the members representing not less than three quarters of the total voting power of the members. Currently, the lending rate charged on loans includes a commission at the rate of 1 per cent. per annum. The commission is credited to a Special Reserve for meeting liabilities of the Bank on its borrowings. As at 31st December 1983, the Special Reserve amounted to \$151.3 million.

In addition to interest and commission, a commitment charge, currently 0.75 per cent. per annum, is levied to the undisbursed portion of loans.

For the years 1980 to 1983, the average interest rates on the Bank's loans, the return on average earning assets and the average cost of the Bank's borrowings and other funds were as follows:—

	Year ended 31st December			
	1980	1981	1982	1983
Average interest rate on loans approved in period (Note 1) ..	8.79	9.99	11.00	10.56
Average interest rate on disbursed and outstanding loans—end of period (Note 1) ..	8.08	8.08	8.12	8.23
Return on average earning assets (Note 2) ..	9.26	9.65	10.06	9.58
Average cost of total borrowings outstanding and other funds available during period (Note 3) ..	4.18	4.28	4.82	5.19

Notes:— (1) Includes commission of 1 per cent. per annum, but does not include commitment charge of 0.75 per cent. per annum applicable to undisbursed loans. Weighted by amount only.

(2) Consists of interest and net realized gains or losses on investments, interest on disbursed and outstanding loans and commitment charges on undisbursed loans as a percentage of average investment and disbursed and outstanding loans (computed on the basis of month-end amounts).

(3) Consists of interest expenses, including net amortization of discounts, premiums and losses and other expenses, as percentage of average total ordinary operations loans and other funds available to the Bank (computed on the basis of month-end amounts). Total funds available to the Bank include borrowed funds, paid-in capital and transferred to Special Funds, Reserves and accumulated net income.

SPECIAL OPERATIONS

The Bank is authorised under the Charter to administer Special Funds, the resources of which may be used in its special operations for granting technical assistance and making loans with longer maturities, longer grace periods and lower interest rates than those established for ordinary operations. Projects financed from Special Funds are selected, appraised and administered in the same manner as projects financed from ordinary resources.

The resources of such Special Funds include voluntary contributions made by members, income on Special Funds loans, income earned by investment of undistributed Special Funds resources and amounts of unimpaired paid-in capital set aside to Special Funds by the Board of Governors. Such amounts capital set aside are limited by the Charter to 10 per cent. of the unimpaired paid-in capital. Special Funds currently consist of the Asian Development Fund and the Technical Assistance Special Fund.

Under the Charter, Special Funds resources must at all times be held and used entirely separately from the ordinary capital resources of the Bank. The Charter provides that the financial statements of the Bank shall show the ordinary operations of the Bank in no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which Special Funds resources were originally used or committed. Expenses of the Bank directly pertaining to special operations are charged to Special Funds resources, and administrative expenditures of the Bank are allocated between ordinary capital resources and Special Funds resources based on a formula which takes into consideration all administrative expenditures and the number of loans approved.

Asian Development Fund

The Asian Development Fund (the "ADF") is the Special Fund for financing special operations loans on concessional terms. It is the current policy of the Bank to extend ADF loans only to those developing member countries having a low per capita GNP and limited external debt repayment capacity in comparison with other developing member countries. ADF loans bear only a service charge of 1 per cent. per annum on outstanding amounts and require repayment over a 40-year period (including 10 years of grace with respect to principal repayments) with the exception of certain loans extended to enhance existing production facilities in high priority sectors which are repayable over a 25-year period (including eight years of grace with respect to principal repayments).

As at 31st December, 1983, the aggregate resources of the ADF committed to ADF loans and available for loan commitments amounted to \$4,207.3 million, consisting of \$4,000.1 million contributed by member countries, \$49.8 million set aside by the Board of Governors from ordinary resources, \$152.3 million of accumulated income (net of \$19.3 million of accumulated translation adjustments) and \$5.1 million of other resources.

TECHNICAL ASSISTANCE

The Bank is authorised to meet requests from member countries for technical assistance in such fields as the preparation and evaluation of specific development projects, the preparation and execution of development plans and the creation of new institutions and the strengthening of existing institutions serving agriculture, industry and public administration. Recipients of technical assistance may be governments or any of the other entities authorised to receive Bank loans. The technical assistance extended by the Bank may be either on a grant or a loan basis.

The Charter limits the funds which may be drawn upon to provide technical assistance on a grant basis to the amount of the Bank's net income from ordinary operations plus any Special Funds resources (including net income from special operations) available for such purposes.

As at 31st December, 1983, the Bank had received from its members a total of \$63.1 million in contributions and commitments for contributions to its Technical Assistance Special Fund. As at that date, technical assistance grants in a total amount of \$44.3 million had been financed from the Technical Assistance Special Fund. The cumulative amount of such grants financed from the Bank's net income was \$14.1 million. Total technical assistance approved by the Bank until that date amounted to approximately \$147.3 million, including amounts administered by the Bank on behalf of other entities. Such assistance has been approved for 26 of the Bank's developing member countries and for certain regional activities.

RELATIONS WITH OTHER DEVELOPMENT ORGANISATIONS AND CO-FINANCING

The Bank maintains close relations with other international development organisations and acts as administrator for, or has made joint financing arrangements with, several multilateral and bilateral development agencies in connection with a number of projects in the region. The Bank has also been joined by commercial banks in co-financing several projects in the region, and expects to promote increased commercial co-financing.

BORROWING AND LIQUIDITY POLICIES AND INVESTMENT PRACTICES

The Charter authorises the Bank to supplement its ordinary capital resources by raising funds through borrowings in member countries or elsewhere. Under the Charter, the Bank must obtain the approval of the country in which the Bank's obligations are to be incurred, as well as of any member country in whose currency such obligations are to be denominated, and the Bank must also obtain the approval of such countries that the proceeds of such borrowings may be exchanged for the currency of any member without restriction. The Charter also requires the Bank, before determining to sell its obligations in a particular country, to consider the amount of previous borrowings in that country and the amount of previous borrowings and the availability of funds in other countries, adhering to the general principle that its borrowings should be diversified as to country of borrowing. Proceeds of borrowings are loaned or invested in the same currencies in which they are borrowed so that the Bank does not maintain a currency position whereby it could realise a gain or a loss on exchange.

The Bank has previously borrowed in the capital markets of Austria, Belgium, the Federal Republic of Germany, Italy, Japan, Kuwait, Luxembourg, the Netherlands, Saudi Arabia, Switzerland, the United Arab Emirates and the United States as well as in international capital markets and from certain governments and central banks of member countries. The Bank expects to continue to raise funds for its ordinary operations through the issue and sale of debt obligations in national and international markets, as conditions permit.

The average life of the Bank's outstanding borrowings at the end of each of the four years ended 31st December, 1983 was 5.78 years, 7.03 years, 7.41 years and 7.72 years respectively. As at 31st December, 1983, the maturity structure of the Bank's outstanding borrowings was as follows:—

Maturity	Capital market borrowings		Borrowings from official sources (1)		Total
	Amount (millions of dollars)	Per cent.	Amount (millions of dollars)	Per cent.	
1984/1988 ..	582.5	16.1	61.2	1.8	743.7
1989/1993 ..	2,049.9	60.7	103.7	3.1	2,153.6
1994/1998 ..	757.6	22.8	—	—	757.6
1999/2003 ..	51.9	1.5	—	—	51.9
Total ..	3,441.9	100.0	264.9	7.7	3,706.8

Notes:— (1) Official sources are governments, central banks and other governmental institutions. (2) Includes \$239.1 million of unamortised original discount at issuance for the 10-Year Zero Coupon Notes of 1982.

POLICY ON TOTAL BORROWING

It is the Bank's present policy not to enter into any new borrowing or guarantee chargeable to its ordinary capital resources if such borrowing or guarantee, when added to the outstanding borrowings and guarantees, would exceed the amount of the callable capital stock subscribed by the members whose currencies are convertible. These members, whose aggregate subscription to the callable capital was \$6,640.6 million as at 31st December, 1983, currently include: Australia, Austria, Belgium, Canada, Cook Islands, Denmark, Fiji, Finland, France, the Federal Republic of Germany, Hong Kong, Italy, Japan, Korea, Malaysia, the Netherlands, New Zealand, Norway, Papua New Guinea, Singapore, Solomon Islands, Sweden, Switzerland, the United Kingdom and the United States. As at 31st December, 1983, the aggregate of outstanding borrowings of the Bank was \$3,428.6 million, representing 52 per cent. of such callable capital.

LIQUIDITY POLICY AND INVESTMENT PRACTICES

The Bank's current liquidity policy calls for the planned liquidity of the Bank at the end of each year to be equivalent to 40 per cent. of the undistributed loan balances at the end of that year. The Bank's cash (unrestricted), investments and Special Reserve Fund assets from its ordinary capital resources amounted to about \$2,303 million at 31st December, 1983.

The Bank's investment activities are restricted in several ways. It is the Bank's policy to make investments in the same currencies in which funds are received. The Board of Directors of the Bank has prescribed investment guidelines for the Bank which, subject to specific restrictions, limit the Bank's investments to (i) obligations issued or guaranteed by the governments of member countries or by governmental agencies thereof, such as deposits and other unconditional obligations of banks and governmental monetary agencies in member countries, and (ii) obligations issued by specified multilateral development banks. Under the current investment guidelines, the Bank's investments are limited to maximum maturities of five years and three months from the date of purchase, with the exception that up to 20 per cent. of such investments may be made for maturities of up to 10 years from the date of purchase.

Within these restrictions, the Bank maintains investment practices designed to generate a favourable return while maintaining emphasis on security and liquidity. Returns on investments are subject to changes in market conditions.

FINANCIAL YEAR, ALLOCATION OF NET INCOME AND RESERVES

Financial Year
The financial year of the Bank is the calendar year.

Allocation of Net Income

The Board of Governors determines annually what part of the Bank's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed. The net income after appropriation of commissions to Special Reserve for the year ended 31st December, 1982 of \$151.4 million was allocated in full to the Ordinary Reserve of the Bank.

The net income for the year ended 31st December, 1983 is expected to be allocated in full to the Ordinary Reserve of the Bank and is so recorded in the figure for the Ordinary Reserve as at 31st December, 1983 in the table below. Similar allocations have previously been made in respect of net income for preceding years. If at any time income is distributed, such distribution shall be made in proportion to the number of shares held by each member. To date, no dividends have been distributed to the member countries.

Reserves

The Bank's reserves have developed as follows:—

	Year ended 31st December					
	1978	1979	1980	1981	1982	1983
	(millions of dollars)					
Ordinary Reserve (Note 1) ..	254.7	351.5	487.3	651.7	817.1	981.7
Special Reserve ..	42.5	59.3	78.6	99.9	123.3	151.3
Total Reserves ..	297.2	410.8	565.9	751.6	940.4	1,133.0

Notes:— (1) Including net income after appropriation of commissions to Special Reserve for corresponding period.

ADMINISTRATION

The Charter provides that the Bank shall have a Board of Governors, a Board of Directors, a President, one or more Vice-Presidents and such other officers and staff as may be considered necessary.

All powers of the Bank are vested in the Board of Governors which consists of one Governor and one Alternate Governor appointed by each member country. Each Governor or in his absence, his Alternate, exercises the voting power to which the member country is entitled. The Board of Governors holds an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors.

The responsibility for the direction of the general operations of the Bank rests with the Board of Directors, the members of which serve full time at the Bank's principal office. The Board of Directors has 12 members of whom eight are elected by the Governors representing regional members and four are elected by the Governors representing non-regional members. The Board of Governors has delegated to the Board of Directors all its powers except those where delegation is expressly forbidden by the Charter. Each Director is entitled to cast the number of votes that counted towards his election, which votes need not be cast as a unit. Directors hold office for a term of two years and may be re-elected. Each Director appoints an Alternate Director to act for him in his absence.

Matters before the Board of Governors or the Board of Directors are decided by a majority of the total voting power of the members represented at the meeting, except in certain cases provided in the Charter in which a higher percentage is required.

The President, who must be a national of a regional member country, is elected by the Board of Governors. His term of office is five years, and he may be re-elected. The President is the Chairman of the Board of Directors but has no vote except a deciding vote in the case of an equal division. The President, while holding office, may not be a Governor or a Director or an Alternate for either. The President is the legal representative of the Bank. Under the direction of the Board of Directors, he conducts the current business of the Bank and is its chief of staff. He is responsible for the organisation, appointment and dismissal of the officers and staff in accordance with regulations adopted by the Board of Directors.

The Vice-Presidents are appointed by the Board of Directors on the recommendation of the President. Each Vice-President holds office for such term, exercises such authority, and performs such functions in the administration of the Bank as may be determined by the Board of Directors. In the absence or incapacity of the President, the ranking Vice-President exercises the authority and performs the functions of the President.

BOARD OF DIRECTORS

The following is a list as at 1st February, 1984 of the members of the Board of Directors of the Bank, their Alternates and the member countries which they represent:—

Directors	Alternates	Members Represented (1)
Paul Koehling (Federal Republic of Germany)	John Machin (United Kingdom)	Austria, Federal Republic of Germany, United Kingdom
John A. Bohn, Jr. (United States)	Donald R. Sherck (United States)	United States
Hoon-Mok Chung (Korea)	John Natera (Papua New Guinea)	Republic of China, Republic of Korea, Papua New Guinea, Vanuatu
N. W. Davey (Australia)	Kai Detto (Australia)	Australia, Hong Kong, Kiribati, Solomon Islands
Sojan Djajawinata (Indonesia)	R. C. W. Hamilton (New Zealand)	Cook Islands, Fiji, Indonesia, New Zealand, Tonga, Western Samoa
Alan F. Gill (Canada)	Robert P. J. de Koning (Netherlands)	Canada, Denmark, Finland, Netherlands, Norway, Sweden
Le Duc Van (Viet Nam)	Ronnie Weerakoon (Sri Lanka)	Democratic Republic of Afghanistan, Lao People's Republic, Democratic Republic of Maldives, Democratic Socialist Republic of Sri Lanka, Socialist Republic of Viet Nam
Tanka Abdul Malek (Malaysia)	Kawee Koorsepart (Thailand)	Burma, Malaysia, Nepal, Singapore, Thailand
A. Melchor, Jr. (Philippines)	N. M. Qureshi (Pakistan)	Pakistan, Philippines
Minoru Ohashi (Japan)	Takashi Taniguchi (Japan)	Japan
G. Ramachandran (India)	K. F. Rahman (Bangladesh)	Bangladesh, Bhutan, India
Thierry Rosset (France)	Gino Alzetta (Belgium)	Belgium, France, Italy, Switzerland

Notes:— (1) Cambodia is not at present represented by any member of the Board of Directors.

PRINCIPAL OFFICERS

The principal officers of the Bank are as follows:—

Masao Fujikura ..	President
A. T. Banbawale ..	Vice-President
S. Stanley Katz ..	Vice-President
Günther Schulz ..	Vice-President
Wilfred A. Vawdrey ..	Secretary
Chun Pyo Jong ..	General Counsel
Ernest A. Oestreicher ..	Director, Country Department
Akira Tsusaka ..	Director, Development Policy Office
B. M. Sockmono ..	Director, Agriculture Department
Kunio Takase ..	Director, Irrigation and Rural Development Department
Wolf D. Khaber ..	Director, Infrastructure Department
Robert N. Bakley ..	Director, Industry and Development Banks Department
Hiroo Fukui ..	Director, Budget, Personnel and Management Systems Department
Edgar J. Roberts, Jr. ..	Treasurer
Seiji Naya ..	Chief Economist
Ronald G. Rose ..	Controller

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

FOR THE FIVE YEARS ENDED 31ST DECEMBER, 1982 AND (UNAUDITED) THE YEAR ENDED 31ST DECEMBER, 1983

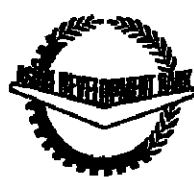
	1978	1979	1980	1981	1982	1983
	(thousands of dollars—Note A)					
Income						
From loans:—						
Interest ..	94,402	117,394	135,850	150,223	165,469	200,199
Commissions ..	13,728	16,817	19,299	21,299	23,403	28,002
Commitment charge ..	8,279	12,448	15,655	19,404	24,458	27,543
From investments (Note C) ..	96,037	113,208	136,440	155,489	199,122	218,283
From other sources—net (Note F) ..	2,117	456	1,792	640	1,220	3,596
Gross Income ..	214,563	260,323	309,036	347,055	413,672	477,983
Expenses						
Interest and other financial expenses (Notes A and F) ..	111,629	126,238	142,408	157,676	202,731	262,934
Administrative expenses (Note F) ..	14,574	15,423	19,592	27,910	35,086	34,458
Services to member countries (Note K) ..	1,087	495	1,208	502	1,017	1,035
Other expenses ..	—	240	—	—	—	—
Gross Expenses ..	127,240	142,416	163,205	186,083	238,834	298,427
Net Income ..	87,323	117,907	145,831	160,967	174,838	179,556
Appropriation of Commissions to Special Reserve (Note G) ..	(13,728)	(16,817)	(19,299)	(21,299)	(23,403)	(28,002)
Net Income after Appropriation of Commissions to Special Reserve (Note H) ..	73,595	101,090	126,532	139,668	151,435	151,554

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

THE CHARTER

The Charter is the Bank's governing constitution. It establishes the status, immunities, exemptions and privileges of the Bank; describes its purposes, capital structure and organisation; authorises the operations in which the Bank may engage; and prescribes limitations on the carrying on of these operations. The Charter also contains, among other things, provisions with respect to the admission of additional members, increases of the authorised capital stock, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by it, the withdrawal and suspension of members, and the suspension and termination of the Bank's operations.

Under the Charter, membership of the Bank is open to (i) members and associate members of the United Nations Economic Commission for Asia and the Far East (now called the United Nations Economic and Social Commission for Asia and the Pacific); and (ii) other regional countries and non-regional developed countries which are members of the United Nations or of any of its specialised agencies. Within the foregoing limitations, new members may be admitted upon the vote of two thirds of the total number of Governors representing not less than three quarters of the total voting power of the members. The Charter provides that no new membership subscription shall be authorised which would have the effect of reducing the percentage of capital stock held by regional members below 60 per cent. of the total subscribed capital stock. Although any member may withdraw from the Bank by delivering written notice, any such member remains liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of such notice. No member has withdrawn from the Bank since its establishment.



Asian
Development
Bank

APPENDIX II

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FIVE YEARS ENDED 31ST DECEMBER, 1982 AND (UNAUDITED) THE YEAR ENDED 31ST DECEMBER, 1983

	1978	1979	1980	1981	1982	1983
	(thousands of dollars—Note A)					(thousands of dollars—Note A)
Funds were provided by						
Operations						
Net income	87,323	117,907	145,831	160,967	174,838	179,556
Items not requiring or providing funds—						
Accrued interest and other expenses	11,229	4,694	5,750	15,358	20,232	15,525
Accrued income including capitalised interest and commitment charges on loans	(34,437)	(31,475)	(19,465)	(29,447)	(31,455)	(18,701)
Administration Charge (Note F)	(10,308)	(15,423)	(20,268)	(25,118)	(27,410)	(35,690)
Commissions (transferred to Special Reserve Fund assets)	(13,728)	(16,817)	(19,299)	(21,299)	(23,403)	(28,002)
Other—net	2,061	2,541	2,565	3,093	10,368	21,660
Funds provided by operations	42,140	61,427	95,114	103,554	123,170	134,348
Borrowings	350,502	328,643	325,398	795,924	894,587	974,666
Capital subscriptions	126,988	127,327	121,784	122,784	6,824	36,380
Demand obligations of members cancelled	40,171	40,989	5,105	2,953	6,818	32,755
Loans collected	70,542	93,862	119,126	135,611	139,847	154,732
Loans sold	1,300	1,909	—	—	—	—
Administration Charge collected	8,852	12,682	19,493	31,078	28,743	26,084
Decrease (increase) in loans disbursed and outstanding as a result of currency revaluations	(180,323)	72,361	9,966	145,354	127,476	139,631
Decrease (increase) in other assets as a result of currency revaluations	(11,052)	6,688	8,327	20,381	21,880	11,573
Decrease (increase) in capital set aside and transferred to Asian Development Fund due to substitution of the SDR for the 1966 dollar as unit of value	(4,591)	(693)	1,996	5,306	2,897	2,674
Net credit (charge) to Ordinary Reserve due to substitution of the SDR for the 1966 dollar as unit of value	(17,753)	(4,318)	9,345	24,698	(13,974)	13,027
Total	426,776	740,877	715,654	1,387,643	1,366,216	1,525,870
Funds were utilised for						
Loans disbursed	277,219	346,669	415,856	501,657	598,940	693,601
Demand obligations of members received	55,046	71,455	65,284	69,405	3,361	19,282
Bonds purchased for redemption and borrowings redeemed	140,910	105,297	205,382	267,927	239,118	203,697
Net translation adjustments	(32,804)	18,076	(5,301)	40,539	38,861	33,142
Property, furniture and equipment acquired	—	—	—	1,373	1,319	13,487
Decrease (increase) in borrowings as a result of currency revaluations	(195,552)	56,095	25,347	126,266	125,170	168,059
Decrease (increase) in maturing and paid capital subscriptions due to substitution of the SDR for the 1966 dollar as unit of value	(102,384)	(27,491)	43,165	146,620	84,668	79,108
Net maintenance of value adjustments	73,961	68,403	(48,768)	(36,609)	7,635	(14,208)
Other—net	2,881	1,607	12,028	20,414	9,136	29,554
Total	219,277	640,111	712,993	1,137,592	1,108,208	1,225,722
Increase in Cash in Banks and Investments	207,499	100,766	2,661	250,051	258,008	300,148

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

BALANCE SHEET

AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) AS AT 31ST DECEMBER, 1983

	1982	1983	1982	1983
	(thousands of dollars—Note A)		(thousands of dollars—Note A)	
ASSETS			LIABILITIES, CAPITAL AND RESERVES	
Cash in Banks (Note B)	53,044	55,898	Unfunded Balances of Effective Loans (See Appendix IV)	3,352,075
Investments (Note C)			Borrowings	
Government and government guaranteed obligations—unsecured			Principal amounts outstanding	2,809,894
— Face amounts \$1,200,775			Less—unamortised discounts and premiums on interest-bearing bonds and notes	9,181
— 31st December, 1982	1,193,524	1,315,312	Total	2,800,713
— 31st December, 1983	1,193,524	1,315,312	Accrued Interest on Borrowings	87,823
Time deposits and other obligations of banks	640,459	1,833,983	Accounts Payable and Other Liabilities	
	815,965	2,131,277	Notional amounts required to maintain value of currency holdings	52,172
Loans (See Appendix IV) (Note A)			Miscellaneous	16,268
Loans approved—(\$7,983,943—31st December, 1982; \$9,173,733—31st December, 1983)	6,036,704	6,718,685	Capital and Reserves (SDRs in thousands)	
Effective loans			Capital Stock (See Appendix VI) (Note D)	
Accrued Income	57,356	45,858	Authorised (SDR 7,220,570—31st December, 1982; SDR 14,768,070—31st December, 1983)	
On investments	62,673	120,029	Subscribed (SDR 7,160,370—31st December, 1982; SDR 10,993,800—31st December, 1983)	
On loans			Less—capital set aside and transferred to the Asian Development Fund (Note F)	
Amounts Receivable from Members			Less—subscription instalments not due	4,661
Non-negotiable, non-interest-bearing demand obligations	377,061	353,457	Subscription instalments matured	1,530,571
Amounts required to maintain value of currency holdings (Note E)	1,562	1,569	Less—capital set aside and transferred to the Asian Development Fund (Note F)	
Subscription instalments (Note D)	284	378,907	Less—subscription instalments not due	4,661
Other Assets			Subscription instalments matured	1,530,571
Notional amounts required to maintain value of currency holdings	86,133	112,277	Less—capital set aside and transferred to the Asian Development Fund (Note F)	
Administration Charge receivable from the Asian Development Fund (Note F)	2,087	11,693	Less—subscription instalments not due	4,661
Unamortised issuance costs of borrowings (Note A)	37,417	49,525	Advance payments on subscriptions (Note D)	254
Property, furniture and equipment (net of accumulated depreciation of \$330—31st December, 1982; \$881—31st December, 1983)	1,319	14,806	Accumulated translation adjustments (Note A)	(43,715)
Miscellaneous	11,137	138,093	Ordinary Reserve (Note F)	665,683
Special Reserve Fund Assets (Note G)	123,300	151,302	Special Reserve (Note G)	123,300
			Net income after appropriation of commissions to Special Reserve for the years ended 31st December, 1982 and 31st December, 1983 (See Appendix I) (Note I)	151,435
Total	8,684,060	9,740,597	Total	8,684,060

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS (NOTE I)

AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) 31ST DECEMBER, 1983

	Principal Amounts	Loans not yet Effective	Refundings and Cancellations	On loans held by Bank	For loans sold	Effective Loans	Unfunded Balances of Effective Loans	Outstanding Balances
	(thousands of dollars—Note A)							
Borrowers/Guarantors (2)								
Bangladesh	11,400	—	2,082	4,848	—	4,470	—	4,470
Burma	6,600	—	—	6,600	—	5,919	78	5,841
China, Republic of	100,390	—	9,251	52,595	2,800	35,743	—	35,743
Fiji	45,900	—	112	42,538	—	42,538	13,223	55,761
Hong Kong	101,500	—	4,503	31,268	3,859	61,870	7,132	54,738
Indonesia	2,204,000	337,450	44,634	37,497	—	1,784,419	1,314,403	470,016
Korea, Republic of	1,771,830	132,800	72,353	294,985	3,456	1,268,236	509,841	758,395
Malaysia	881,828	82,500	43,181	60,606	2,140	693,401	325,437	367,964
Nepal	739,170	126,800	32,174	78,427	—	501,769	188,372	313,397
Papua New Guinea	68,950	—	572	—	—	67,887	45,266	113,153
Philippines	1,755,840	207,840	22,376	100,737	423	1,424,464	737,807	686,657
Singapore	178,080	—	32,542	46,006	2,830	96,702	19,452	77,250
Sri Lanka	14,135	—	931	10,352	—	2,852	—	2,852
Thailand	1,288,180	201,000	47,588	79,625	1,711	958,256	452,004	506,252
Viet Nam	3,930	—	2,389	180	—	1,361	—	1,361
Adjustments in United States dollar equivalents of loans disbursed	—	—	—	—	—	(231,202)	—	(231,202)
Total—31st December, 1983	9,173,733	1,088,390	314,689	803,548	17,219	6,718,685	3,613,015	3,105,670
Total—31st December, 1982	7,983,943	927,120	262,513	638,175	17,219	6,036,704	3,352,075	2,684,629

APPENDIX IV

SUMMARY OF CURRENCIES RECEIVABLE
ON LOANS OUTSTANDING

Currency	1982	1983
Australian dollar	71,779	53,711
Austrian Schilling	9,045	35,898
Belgian franc	379	322
Canadian dollar	5,604	5,248
Danish krone	145	138
Deutsche Mark	583,457	766,781
Italian lira	585	473
Japanese yen	1,013,641	1,230,422
Malaysian ringgit	31,662	34,122
Netherlands guilder	29,910	20,078
New Zealand dollar	7,868	6,907
Norwegian krone	4,085	3,407
Singapore dollar	1,994	2,139
Swedish krona	2,422	2,208
Swiss franc	4,210	3,534
United States dollar	352,619	341,856
United States dollar equivalents of loans disbursed	(102,212)	(231,202)
Total	2,684,629	3,105,670

Notes—

- (1) The interest rates charged on loans approved in the first half and the second half of 1983 are 11.00 per cent. per annum and 10.50 per cent. per annum respectively (11.00 per cent.—1982). The interest rates charged on loans outstanding range from 6.25 per cent. per annum to 11.00 per cent. per annum.
- (2) Loans other than those made directly to a member or to its central bank have been guaranteed by the member.
- (3) This amount represents adjustments in United States dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and payable to the bank in such currencies.
- (4) Represents prepayments, cancellations and translation adjustments which have not been allocated to specific maturities.

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF BORROWINGS

AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) 31ST DECEMBER, 1983

Currency	Balance as at 31st December, 1982	Borrowings during the year ended 31st December, 1983	Balance as at 31st December, 1983	Weighted Average Effective Interest Rate (%)	Due for Redemption
Austrian Schilling	899	29,727	769	7.30	1985–1993
Belgian franc	3,250	—	2,785	7.36	—
Deutsche Mark	635,959	240,734	32,899	8.44	1984–1995
Italian lira	3,650	—	625	7.22	1984–1987
Japanese yen	983,404	33,307	15,380	8.19	1984–2001
Kuwaiti dinar	57,398	—	2,849	11.00	1984–1991
Luxembourg franc	3,581	—	172	6.64	1984–1987
Netherlands guilder	133,359	87,407	32,997	9.84	1984–1998
Saudi Arabian riyal	3,671	—	3,628	8.00	—
Swiss franc	97,537	17,576	(58,817)	6.31	1984–1995
United States dollar	330,857	265,000	76,090	12.40	1984–1998
Principal amounts outstanding	2,809,894	974,666	203,697	8.48	8.36
Less—Unamortised discounts and premiums on interest-bearing bonds and notes	9,181	1,866	—	—	—
Total	2,800,713	972,800	203,697	—	—

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING

	1982	1983	Five Years Ending 31st December, 1983	1982	1983
1983	213,218	—	1993/1992	1,910,993	2,153,585
1984	129,797	—	1996/1997	468,576	757,597
1985	77,222	—	2003/2002	78,085	51,895
1986	172,632	—	Total	3,103,850	3,706,760
1987	53,327	—			
1988	—	266,075			

Notes—

- (1) Balance outstanding as at 31st December, 1983 includes \$122 million for the 10-Year Zero Coupon Notes issued in 1982 (principal amount at maturity, \$400 million); amortisation of the original discount is shown by the interest method in the table above.
- (2) The weighted average effective interest rates are computed on the principal outstanding amounts, taking into consideration discounts and premiums and the effect of currency swaps. For uniformity and consistency, annual effective interest rates for bonds with annual payment dates have been converted into semi-annual equivalents.
- (3) Subsequent to 31st December, 1983 the Bank has made the following additional borrowings—
- | Currency | Principal Amount | Interest Rate | Due for Redemption |
|--------------|------------------|---------------|--------------------|
| Swiss franc | SwFr 100 million | 4.00% | 1987–1994 |
| Japanese yen | ¥15,000 million | 7.00% | 1994 |
- (4) Including net proceeds of \$84.9 million (principal amount \$87.5 million) with an effective interest rate of 11.97 per cent. which were swapped for SwFr 183.1 million which resulted in an effective interest rate of 3.65 per cent. based on forward exchange commitments made in connection with the currency swaps.

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK SUBSCRIPTION ENTITLEMENTS (NOTE I) AND VOTING POWER

AS AT 31ST DECEMBER, 1983 (UNAUDITED)

AS AT 31ST DECEMBER, 1983 (UNAUDITED)													
Subscribed Capital					Subscription Entitlements (Note 2)					Voting Power			
Members	Number of Shares	Par Value of Shares			Number of Shares	Par Value of Shares			Number of Votes	Percent	As at 31st December, 1983		
		Including Entitlements (Note 4)		Percent									
Total													
Subscribed Capital													
Subscription Entitlements (Note 2)													
Voting Power													
As at 31st December, 1983													
Including Entitlements (Note 4)													
Total													
Subscribed Capital													
Subscription Entitlements (Note 2)													
Voting Power													
As at 31st December, 1983													
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APPENDIX VII

ASIAN DEVELOPMENT BANK—
ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS

(Information relating to the year ended 31st December, 1983 is unaudited)

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) **Functional Currencies and Reporting Currency**
The currencies of members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

(2) **Capital Stock**
The capital stock is defined in Article 4, paragraph 1 of the Articles of Agreement "in terms of United States dollars of the weight and fineness in effect on 31st January, 1966" (the "1966 dollar"). The capital stock had historically been translated into the current United States dollar (the Bank's unit of account), on the basis of its par value in terms of gold. From 1973 until 31st March, 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1st April, 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (the "IMF") came into effect, currencies no longer have par values in terms of gold. The Bank is examining the implications of this change on the valuation of its capital stock but has not made a decision on the matter. Pending such a decision, the Bank's capital stock has been valued for purposes of the accompanying financial statements in terms of the Special Drawing Right (SDR), at the value in current U.S. dollars as computed by the IMF. As at 31st December, 1983, the SDR was valued at \$1.04695 (\$1.10311—1982). (See Note D). This note also shows what the value of the Bank's capital stock would be if expressed in terms of \$1.20635 per 1966 dollar.)

(3) **Translation of Currencies**
Assets and liabilities are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Income and expense amounts are translated for each quarter generally at the applicable rates of exchange at the beginning and the middle of each month (at the beginning of the quarter in 1982); such practice approximates the application of average rates in effect during the quarter. Translation adjustments, other than those relating to maintenance of value of currency holdings (see Note E), are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income.

(4) **Loans**
Effective 1st January, 1983, the Bank adopted an Exchange Risk Pooling System for its lending operations as a means of equalising exchange rate risks among borrowers. All loans negotiated after that date have been included in the system and borrowers under earlier loans are given the option of having the undistributed balances of their loans included in the system. The pool consists of all currencies disbursed and not yet due for repayment under all loans or portions of loans included in the system (pooled loans). The principal amount withdrawn and outstanding under each pooled loan consists of its pro-rata share of each of the currencies and the composite exchange adjustment of the pool from time to time. The borrowers of loans, and portions of loans not included in the system, remain obliged to repay the Bank the currencies used by the Bank in making disbursements on their loans.

(5) **Unamortised Issuance Costs of Borrowings**
Unamortised issuance costs of borrowings are ratably amortised over the life of each issue.

(6) **Property, Furniture and Equipment**
The headquarters building of the Bank, including land, facilities and fixtures and the initial cost of necessary staff amenities and other related furnishings have been provided to the Bank by the Government of the Republic of the Philippines which has also provided additional office space in a second building. The Bank has leased additional office space in other buildings and has fitted and furnished all additional office space. To meet the Bank's needs for future office accommodations, the Bank has purchased a parcel of land near the Ortigas Commercial Center in Metro Manila at the cost of \$9,555,000 equivalent for the construction of a proposed new headquarters building. Significant purchases of property, furniture and equipment by the Bank are capitalised and depreciated over estimated useful lives of related assets using the straight-line method. Other purchases are charged to expense.

(7) **Staff Retirement Costs**
The Bank absorbs all expenses of administering the Staff Retirement Plan and charges all of its contributions thereto (see Note J) to administrative expenses currently.

NOTE B—RESTRICTIONS ON USE OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i), the use by the Bank or by any recipient from the Bank may be restricted by the member to payments for goods or services produced and intended for use in its territory, as follows:—
The use of cash in banks and demand obligations in the currencies of 27 members aggregating \$15,720,000 (\$48,336,000—1982) and \$214,498,000 (\$213,432,000—1982) respectively.

In accordance with Article 24, paragraphs 2(i) and (ii), the use by the Bank or by any recipient from the Bank has been restricted by the member to payments for goods or services produced in its territory, as follows:—
The use of cash in banks and demand obligations in the currencies of two members aggregating \$35,000 (\$72,000—1982) and \$3,706,000 (\$4,483,000—1982) respectively.

NOTE C—INVESTMENTS

As at 31st December, 1983, the market value of investments was \$2,129,723,000 (\$1,862,950,000—1982), including investments not traded in the market which were valued at their cost or amortised cost of \$1,014,910,000 (\$777,786,000—1982). During the year ended 31st December, 1983, sales of investments resulted in a net gain of \$44,000,000 (\$48,466,000—1982). Gains and losses on investments are measured by the difference between average amortised cost and the net proceeds of sales. The annualised rate of return on the average investments held during the year, based on the portfolio held at the end of each month, including realised gains and losses, was 10.28 per cent (11.46 per cent—1982).

NOTE D—CAPITAL STOCK

The authorised capital stock of the Bank consists of 1,476,807 shares (722,957—1982), of which 1,099,380 (716,037—1982) have been subscribed by members. Of the subscribed shares, 941,041 (576,864—1982) are "callable", and 158,339 (139,173—1982) are "paid-in". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings or on guarantees. The "paid-in" share capital is payable or has been paid in instalments partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3 of the Articles, the Bank accepts non-negotiable, non-interest-bearing demand obligations in satisfaction of the portion payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations.

In the Articles, the Bank's capital stock is defined "in terms of United States dollars of the weight and fineness in effect on 31st January, 1966", and the value of each share of stock is defined as being 10,000 1966 dollars. On 1st April, 1978, the Second Amendment to the IMF Articles entered into force, under which gold has been abolished as a common denominator of the international monetary system, currencies no longer have par values, and all calculations for the purposes of the IMF Articles are made on the basis of the SDR. Simultaneously, the provision of United States law was repealed. As a result of these changes, the pre-existing basis for translating the term "United States dollars of the weight and fineness in effect on 31st January, 1966" into current United States dollars, or into any other currency, no longer exists.

The Bank is considering a proposal that its capital stock be redefined in terms of the SDR. A member government has raised the question whether the substitution of a new unit of value, insofar as it would give rise to any new obligations with respect to maintenance of value and capital stock subscription payments, should be made only by amendment of the Articles. This member has also raised questions as to the appropriateness of substituting a unit of value other than the SDR, the desirability of retaining the principle of maintenance of value, and the form in which maintenance of value should be applied.

The General Counsel of the Bank is of the opinion that the SDR is the successor in the international monetary system to the gold-based dollar, and that pending the exercise by the appropriate authorities of the Bank of their statutory powers under Chapter IX of the Articles, references in the Articles to the 1966 dollar should be read as referring to the SDR as defined from time to time by the IMF. In view of this, and pending consideration and action on the issues referred to in the preceding paragraph, the Bank has for the purposes of these financial statements expressed the value of its capital stock in terms of the SDR, on the basis that each share has the value of SDR 10,000. For the purposes of these financial statements, it has also measured the mutual obligations of each member and of the Bank with respect to maintenance of value and capital stock subscription payments, on the basis of the SDR, expressed in terms of the value of each share should be fixed at \$12,063.50, on the basis of a substitution of \$1.20635 current United States dollars for each 1966 dollar.

When the SDR was introduced into the IMF Articles in 1969, it was expressed in terms of a specified weight of gold equal to the gold content of the 1966 dollar. Since 1st July, 1974, its value has been based on the weighted relative values of a number of major currencies (a "currency basket"). On 1st July, 1974, the value of the SDR, expressed in terms of United States dollars, was \$1.20635, namely the same value as the 1966 dollar, but subsequently the value in current monetary terms has varied from day to day. Effective 1st July, 1978, the IMF made certain adjustments in the SDR currency basket, and established a method for further adjustments at five-yearly intervals, to reflect changes in the relative importance of currencies over time, while ensuring continuity and reasonable predictability for the valuation of the SDR. The IMF further revised the currency basket effective 1st January, 1981 by reducing the number of currencies from 16 to 5. The adjustments made at the time of the changes were such that the value of the revised baskets in terms of any currency was exactly the same under both the then existing and the revised valuations. As at 31st December, 1983, the value of the SDR in terms of the United States dollar was \$1.04695 (\$1.10311—1982) giving a value for each share of the Bank's capital equivalent to \$10,469.50 (\$11,031.10—1982).

If the capital stock as at 31st December, 1983 had been valued in terms of \$12,063.50 per share, the "callable" capital subscribed would have been \$17,352,440,000 (\$6,938,999,000—1982), instead of \$9,852,229,000 (\$6,363,444,000—1982), the "paid-in" capital subscribed would have been \$1,910,123,000 (\$1,678,913,000—1982), instead of \$1,657,730,000 (\$1,535,232,000—1982), the total subscribed capital would have been \$19,262,563,000 (\$16,617,912,000—1982), instead of \$11,509,959,000 (\$7,898,676,000—1982), and maintenance of value obligations would have been \$206,027,000 (\$154,154,000—1982) receivable from members, instead of \$21,315,000 (\$35,523,000—1982) receivable from members.

As at 31st December, 1983, all matured instalments amounting to \$1,495,300,000 (\$1,330,571,000—1982) were received except \$7,797,000 (\$384,000—1982). Instalments not due aggregating \$162,430,000 (\$4,661,000—1982) are receivable as follows:—

	31st December, 1982	31st December, 1983
1983	2,653,000	—
1984	1,950,000	41,985,000
1985	58,000	40,189,000
1986	—	40,134,000
1987	—	40,123,000

Payment in respect of capital subscription instalments in advance of due dates are shown in the balance sheet (under the title "Capital and Reserves") as "Advance payments on subscriptions" pending the determination of the full value of such payments based on the rate of exchange to be used by the Bank as of the date on which such payments are actually due.

NOTE E—MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1st April, 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value in respect of holdings of member currencies in terms of 1966 dollars, in accordance with the provisions of Article 25 of its Articles and relevant resolutions of the Board of Directors. The "Amounts required to maintain value of currency holdings" under "Amounts Receivable From Members" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from those previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies (see Note D).

Since 1st April, 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value obligations are still under consideration, notional amounts have been calculated provisionally as receivable from or payable to members in order to maintain the value of currency holdings in terms of the SDR. The timing of any establishment and settlement of such amounts is uncertain. The notional amounts as at 31st December, 1983 consisting of receivables of \$112,277,000 (\$86,133,000—1982) and payables of \$92,531,000 (\$51,712,000—1982) represent (a) the net decrease of \$204,458,000 (\$52,302,000—1982) in the value of currency holdings in relation to the United States dollar, the Bank's unit of account, during the period 1st April, 1978 to 31st December, 1983, offset by (b) the decrease of \$184,712,000 (\$118,631,000—1982) in amounts required to maintain the value of such currency holdings to the extent of matured and paid capital subscriptions due to the decrease in the value of the SDR in relation to the United States dollar during the same period.

NOTE F—INCOME AND EXPENSES

Income from other sources includes an exchange gain of \$163,000 (\$1,348,000—1978, loss of \$450,000—1979, loss of \$544,000—1980, loss of \$1,393,000—1981, and loss of \$831,000—1982).

During the year ended 31st December, 1983, interest expense of \$537,000 was capitalised as a part of the cost of the proposed new headquarters building.

Administrative expenses are net of Administration Charge to Special Operations amounting to \$35,690,000 (\$10,308,000—1978, \$15,423,000—1979, \$20,268,000—1980, \$25,118,000—1981, and \$27,410,000—1982). The Administration Charge to Special Operations is presently based on a formula which takes into consideration all administrative expenses (other than those appertaining directly to ordinary operations and special operations) and the number of loans approved.

NOTE G—SPECIAL RESERVE

In accordance with Article 16, paragraph 1, the Bank charges a commission calculated at one per cent, per annum on the outstanding amount of loans made by it from the ordinary capital resources. In accordance with Article 17, an amount equivalent to such commissions is appropriated to a Special Reserve. Special Reserve Fund assets consist of government and government guaranteed obligations (time deposits and certificates of deposit—1982).

NOTE H—CAPITAL SET ASIDE FOR SPECIAL OPERATIONS

Pursuant to the provisions of Article 19, paragraph 1 (i), the Board of Governors has authorised the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as at 28th April, 1973 to be used as a part of the Special Funds of the Bank. The resources so set aside, amounting to \$49,845,000 (\$52,519,000—1982) as at 31st December, 1983 expressed in terms of the SDR on the basis of \$1.04695 (\$1.10311—1982) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar—see Notes A and D), were allocated and transferred to the Asian Development Fund.

NOTE I—ORDINARY RESERVE AND NET INCOME AFTER APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE

Under the provisions of Article 40, the Board of Governors shall determine annually what part of the net income after appropriation of commissions to Special Reserve (see Note G) shall be allocated after making provisions for reserves, to surplus and what part, if any, shall be distributed to the members. Net income after appropriation of commissions to Special Reserve up to the year ended 31st December, 1982 was allocated to the Ordinary Reserve.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the 1966 dollar (see Notes A and D) resulted in a net credit of \$13,077,000 to the Ordinary Reserve during the year (\$13,974,000—1982). This net credit represents the amount of \$79,108,000 (\$84,668,000—1982) restatement of the matured and paid capital subscriptions offset by the net amount of \$66,081,000 (\$70,694,000—1982) notional maintenance of value adjustments attributable to the changes in the value of the SDR in relation to the United States dollar, the Bank's unit of account, during the year. (See Note E.)

NOTE J—STAFF RETIREMENT PLAN

The Bank has a contributory Staff Retirement Plan (the "Plan"). Every employee, as defined under the Plan, shall, as a condition of service, become a participant on the first day of service, provided that as at such a date, the employee shall not have received the normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and held in trust and are not included in the accompanying balance sheet.

From December 1974, participants have contributed 9% per cent of their remuneration to the Plan, and the Bank has contributed amounts equal to 18% per cent of the participants' remuneration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions. For the year ended 31st December, 1983, the amount contributed by the Bank was \$5,980,000 (\$5,185,000—1978, \$18,470,000—1979, \$3,414,000—1980, \$4,388,000—1981) and \$5,214,000—1982).

The actuarial present value of vested and non-vested accumulated Plan benefits as at 30th September 1983, the end of the last actuarial valuation, totalled \$36,870,000 (\$29,259,000—1982) and \$2,301,000 (\$2,949,000—1982) respectively. Net assets available for benefits totalled \$62,643,000 (\$42,785,000—1982) as at 30th September, 1983. The weighted average assumed rate of return used in determining the actuarial present value of accumulated Plan benefits was 8 per cent.

NOTE K—SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for technical assistance projects and programmes totalled approximately \$24,840,000 as at 31st December, 1983 (\$17,015,000—1982); to the extent available, contributions to the Technical Assistance Special Fund may be used to meet expenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to loans for specific projects, the portion representing the cost of design and engineering and any remaining balance over \$150,000 will be converted to the subsequent loan. Under such options, technical assistance expenditures of \$62,000 (nil in each of the years 1978 to 1981 and \$31,000 in 1982) were charged to loans and credited to income of ordinary capital resources during the year ended 31st December, 1983.

GENERAL INFORMATION

The Bank has agreed to pay the Underwriters commissions aggregating £1.25 per £100 nominal of Stock for their services as managers and underwriters of the issue, out of which will be paid, on behalf of the Bank, commissions to the brokers to the issue (Rowe & Pitman and Phillips & Drew) and certain other persons who have agreed to accept sub-underwriting participations in respect of the issue of the Stock. The Bank will pay brokerage of 12 1/2 per cent £100 nominal of Stock to recognised bank or stockbrokers on amounts made in respect of applications bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of a sub-underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to about £1,464,000 and are payable by the Bank.

The Bank has obtained the approval and agreement of H.M. Government in connection with the Charter.

Deloitte Haskins & Sells have given and have not withdrawn their written consent to the inclusion of their opinion dated 25th February, 1983 on the financial statements in the form and context in which it appears.

Copies of the Instrument constituting the Stock, the latest financial statements of the Bank and the Charter will be available for inspection at the specified offices of the Registrar and the Paying Agents until the date for redemption of the Stock and the Purchase Agency Agreement will be so available until its expiry.

Copies of the Prospectus and application form may be obtained from:—

S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB.
Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.
Phillips & Drew, 120 Moorgate, London EC2M 6XP.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH during normal business hours until 4th March, 1984:

- the Charter, By-Laws, Rules of Procedure of the Board of Governors and Rules of Procedure of the Board of Directors of the Bank;
- the Underwriting Agreement referred to above;

- a draft, subject to modification, of the Instrument constituting the Stock;
- the audited Financial Statements of the Bank for the five years ended 31st December, 1982;
- a draft, subject to modification, of the Purchase Agency Agreement;
- a draft, subject to modification, of the Registrar's, Paying and Exchange Agency Agreement;
- a proof, subject to modification, of the non-assignable allotment letter referred to above;
- a copy of the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, pp. 15 to 26; and
- the consent of Deloitte Haskins & Sells referred to above.

PRINCIPAL OFFICE OF THE BANK

2330 Roxas Boulevard,
Metro Manila,
Philippines

RECEIVING BANK

Lloyds Bank Plc,
Registrar's Department,
Issue Section,
111 Old Broad Street,
London EC2N 1AU

REGISTRAR AND TRANSFER OFFICE

Lloyds Bank Plc,
Registrar's Department,

Goring-by-Sea,
Worthing,
West Sussex,
BN12 6DA

PRINCIPAL PAYING AGENT AND EXCHANGE AGENT

Lloyds Bank Plc,
Registrar's Department,

Goring-by-Sea,
Worthing,
West Sussex,
BN12 6DA

PAYING AGENTS

Kreditbank S.A. Luxembourgise,
43 Boulevard Royal,
P.O. Box 1108,
Luxembourg

Morgan Guaranty Trust Company of New York,
35 Avenue des Arts,
B-1040 Brussels,
Belgium

INDEPENDENT AUDITORS TO THE BANK

Deloitte Haskins & Sells,
1114 Avenue of the Americas,
New York, New York 10036

LEGAL ADVISERS

To the Bank:
Freshfields,
Grindall House,
25 Newgate Street,
London EC1A 7LH

To the Underwriters:
Allen & Overy,
9 Cheapside,
London EC2V 6AD

BROKERS

Rowe & Pitman,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA

Phillips & Drew,
120 Moorgate,
London EC2M 6XP

APPLICATION FORM

The application list will open at 10.00 a.m. Thursday, 23rd February, 1984, and will close later the same day.
This form must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.
THE STOCK IS NOT OPEN FOR APPLICATION BY U.S. PERSONS AS DEFINED IN THE PROSPECTUS DATED 29TH FEBRUARY, 1984.

ASIAN DEVELOPMENT BANK

Issue on a yield basis of £100,000,000 Loan Stock 2009

Payable as follows:—

On application £25 per cent of the nominal amount of the Stock. On 24th July, 1984, the balance of the issue price.

To S. G. Warburg & Co. Ltd. on behalf of Asian Development Bank

In accordance with the terms of the Prospectus dated 29th February, 1984 (the "Prospectus"), I/we request you to allot me/us Stock as set out below.

Nominal amount of the Stock applied for	Amount enclosed at £25 per cent of the nominal amount applied for
£ -00	£ -00

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	Multiple	Amount of Stock applied for	Multiple
Up to £1,000	£100	£10,000 to £100,000	£10,000
£1,000 to £10,000	£1,000	£100,000 or greater	£100,000

I/we enclose a cheque* in the amount set out in the right hand box above.

I/we undertake to accept the amount of Stock applied for or any lesser amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the Prospectus.

In consideration of Asian Development Bank agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Underwriting Agreement referred to therein, I/we agree that this application shall be irrevocable until Thursday, 1st March, 1984 and that this application shall constitute a collateral contract between Asian Development Bank and me/us which shall become binding upon the despatch by mail or the delivery of this application form duly completed to Lloyds Bank Plc. I/we understand that the completion and delivery of this form accompanied by my/our cheque constitutes a representation that my/our cheque will be honoured on first presentation. I/we hereby engage to pay the balance payable on the Stock by 24th July, 1984 on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation and that interest at the rate of two per cent, above the Base Rate for the time being of Lloyds Bank Plc may be charged on such balance if accepted after its due date and that Asian Development Bank may, without prejudice to any other rights, in default of payment sell the Stock fully paid for its own account. I/we acknowledge that any letter of allotment is liable to be held pending clearance of such payment.

I/we hereby request that I am not/none of us is a U.S. person as defined in the Prospectus.

I/we hereby request that any allotment of Stock to me/us be defined by a letter of allotment addressed to me/us and be sent by first class post at my/our risk to me/us at the first address shown below (unless the alternative method of payment is being used and Box A is ticked).

*A separate cheque must accompany each application form unless the alternative method of payment (see below) is elected. Cheques should be made payable to "Lloyds Bank Plc" and crossed "ADB Loan" and drawn on a branch in the United Kingdom or the Channel Islands of a bank which is a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

Date:

(1) Usual signature: In the case of a corporation, the common seal must be affixed or this form signed by a duly authorised officer who must state his capacity.

For names:

Surname: (also state designation: Mr., Mrs., Miss or title)

Address in full:

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● Still time to win a micro: Page 26

COMPUTER HORIZONS

● Future of the paper city: Page 28

COMPUTER BRIEFING

New office systems by Natwest

Eurocom, the computer subsidiary of National Westminster Bank, has announced the launch of two new information systems. Mr Michael Harrison, Eurocom's marketing manager, said the systems were custom-built for the "office of the future".

The systems, costing from £2,250, will make their public debut at NFO 84 at the Barbican Centre in London next month.

One important feature of the new systems is the fast retrieval time, ranging from half a second to 3½ seconds to find any single frame. Units can be integrated by a word processor, micro computer, mini or mainframe.

A computer centre for Trustee Savings Bank, England and Wales, is also being completed by the end of the year.

When it is operational, the new system will keep TSB at the forefront of computerised banking. The new centre will link up with the existing centre at Wythenshawe, Manchester, to provide services to nearly 1,300 bank branches using 6,500 computer terminals.

Among the equipment to be installed is a Sperry Univac 1100/82. The new centre will employ about 130 staff at Milton Keynes.

STC Business Systems has launched a new fax machine equipped with automatic transmissions and stacking facilities. It has been designed to handle colour and half-ton originals and it is claimed that it can transmit an A4 page across the world in 15 seconds.

The new Telefax 3534 is the first of a series of three to be launched this year and, according to Ralph Miles, marketing manager of STC Business Systems, "Recent research carried out by us reinforces our view that the market for fax communication will develop at a similar rate to that of business micros".

It is possible to send an A4 page from London to Hong Kong for 43p and a similar document to Manchester for 4.5p.



'We call it de-bugging'

The owner of a Tokyo word-processor retail store opened a coffee bar and installed six machines in September. So busy has it become with office workers, students and housewives that a further nine machines have been added.

Customers can tap away at a cost of 30p for 30 minutes - less than the cost of the coffee. There are beginners' lessons for £1.50, and having made such a promising start himself, the proprietor is to open a chain of hotel "secretarial rooms" similarly equipped and serviced.

A four-year research programme is to be launched by Japan which could lead to the development of a compact, high performance computer for use in jet fighters. The Defence Agency will sign a contract with a Japanese computer manufacturer by the end of next month to undertake the £9 million project.

Japan is producing the US designed F15 Eagle jet under licence but has imported the vital computerised avionics and firing systems in the black box because the United States will not make the technology available to other countries.

China's first micro-computer telemetry system for hydrological and water conservancy control is claimed to be working well. The system, designed by the Peking Water Conservancy Bureau, can forecast water supply, calculate and control the volume of flow, and can be hooked up with other systems for flood prevention.

Contributors: Alan Lewis, Mark Stuck, Ross Davies.

UK events

Information Technology & Office Automation Exhibition & Conference, Barbican Centre, London EC1, February 21-24.

Educational Software Fair, Dauntsey's School, West Lavington, Wiltshire, March 2-3.

OEM Only Conference, Hilton Hotel, London W1, March 7.

Computer Trade Show, Wembley Conference Centre, March 13-15.

Scottish Computer Conference, Holiday Inn, Glasgow, March 13-15.

Electron & BBC Micro User Show, New Horticultural Hall, Westminster, London, March 28-April 1.

Computer Aided Design, Met. Exhibition Hall, April 2-5.

Artificial Intelligence Seminar, City University, London, April 7-8.

Sir Frederick Osborn School Computer Fair, Sir Frederick Osborn School, Welwyn-Garden City, April 8.

COMPEC Wales, Cardiff University, April 10-12.

Overseas

Personal Business Computer Show, Hong Kong, February 29-March 3.

Personal Computer Show, Sydney, Australia, March 14-17.

International Business Equipment & Computer Show, Singapore, March 13-17.

Compiled by Personal Computer News

Cash clouds the BBC's world tele-view

The BBC certainly works in mysterious ways. While we have all been thinking that dear old "Auntie" is not turned on by Direct Broadcasting Satellite (DBS), up pops the managing director of BBC external broadcasting, in Los Angeles of all places, condemning the luddites of the technology and making no reference to any which might be lurking at Television Centre.

Last week, Mr Douglas Murrage, addressing the Los Angeles World Affairs Council, extolled: "Technological innovation has always had its opponents. DBS is no exception". How right he was. How right he is. And how many of them are influencing the BBC's indecision to give approval to its DBS project for the UK?

To be fair, it is not the technology, we are informed, it is the price. The operation of a satellite system with two channels to be on air by 1986, costing about £17m in capital and a further £180m operational costs over its life, is a daunting prospect. The BBC's reluctance to go it alone.

But isn't it refreshing to witness such enthusiasm from a senior BBC executive, in marked contrast to the gloom of the last year? Murrage said to his Los Angeles audience: "The experts in the communications industry say that it may not be long before a special receiving equipment which will be needed for DBS signals will be inexpensive enough for this form of

broadcasting to reach mass audiences around the world".

"It may be true that at present the capital investment necessary for DBS presents formidable problems, but there can be little doubt that sooner or later the predictions of experts will be proved correct".

What version of those predictions should we be concerned about? The luddites are supposed to be experts as the proponents of the satellite technology.

But how practical a World Service satellite service could ever be is a subject certainly worthy of debate. There are many political regimes around the world which don't take kindly to the BBC's broadcasts on radio and would be equally intolerant to any satellite service. In fact the chances are that the governments concerned will own and operate the satellite BBC would need for transmission. Unlike radio waves which can be beamed over large distances by bouncing signals off the ionosphere, television signals on direct broadcast will require a satellite whose footprint falls over the area of transmission and that by international agreement will undoubtedly be the property of said nation.

The Murrage idea is visionary but some might say impractical. He said in the United States: "I think the time has come to focus British public attention on the question of whether the BBC should now be adding pictures to overseas broadcasting".

Television is not just adding pictures to sound and the BBC are well aware of the distinction. The techniques in news reporting adopted by the radio and television media in many occasions can be poles apart. The mechanics, or should one say the electronics, of delivering those pictures are not only substantially different and complex but television is dramatically more expensive than radio.

Unlike the domestic BBC service which is seriously reviewing its finances and is attempting to have its licence fee increased, the BBC External Services finance will come from the Government, although some subscribers to the (satellite) news service would pay.

THE WEEK

By Bill Johnstone

The first phase of the Murrage plan is modest. Two hours of programming a day containing 20 minutes of rolling news to Europe and North America would inaugurate the service. This would be carried on a low powered communications satellite and received by cable television operators, who in turn would redistribute the service to their subscribers.

The second phase would launch the World Service into the DBS technology. That would involve DBS

transmissions to the Middle East, the Far East and Africa and a third stage where the same would reach Japan, South Korea, Hong Kong and South Asia. The output would then be 24 hours a day.

The World Service plan in theory is possible. It would not be running a service on its own satellite, as would be the case with the BBC's domestic DBS project, but would depend on customers asking for it, being prepared to pay, and, above all, being allowed to receive it. Would such a commercial operation prevail on the face of continual world turmoil when some of its customers would be lost every day, having been switched off by a new unsympathetic government?

That's not a problem they have not foreseen at Bush House. Murrage in his American address made reference to these fears.

He said: "Over the past months we have been witnessing a ganging up of some nations to prevent the use of satellite technology in international broadcasting. The motives of some of the countries are understandable if misplaced. They stem from a fear that the rich nations will control the airwaves of the future; they arise because nations, particularly in the Third World, are afraid that their own distinctive cultures and economies will be swamped by the new technology".

Respectively of the advances made in satellite broadcasting and the massive reductions in receiver costs, in which

Murrage puts great store, many politicians would never allow a free-for-all. Even in Britain the licensing of broadcasting is riddled with bureaucracy which is not immune to political influence.

But the Murrage idea is positive and recognises one of the strengths of the BBC, its reputation for impartial coverage of news. That reputation is deserved. It is not the preserve of the BBC but its news has a credible reputation, particularly among those politicians in foreign parts who would rather the broadcasts were not heard. It is a product which the BBC can sell abroad but whether it should be a television version of the World Service is debatable.

The External Service has a budget of £7m a year and attracts an audience of 100 million. A television service will cost tens of millions of pounds.

The idea should not be rejected but refined. The answer can only be the formation of Satellite BBC News, providing 24 hours news culled from talent news and film from every BBC source then selling it to the UK, Europe and North America. That would be the first phase. The second would be direct broadcasting in the same areas when and if the antenna become cheaply available. A World Satellite Television Service is a long way off but if "Auntie" proves a little adventurous in taking those first steps the goal might come quicker than we think.

The man who is sorry to double his money

By Maggie McLening

Doubling turnover every year may be a rarity for most companies, but the managing director of Peachtree Software John Hale complains that he can do more than double for 1983 because of writing off debts.

Hale left the UK operation in December to become vice president and general manager of Peachtree Software Inc. in Atlanta, leaving behind a



John Hale... hard to follow

formidable record for the new UK general manager Dick Moore to follow.

When Hale started up Peachtree's UK subsidiary in December 1981, the company was worth £3.3 million dollars. By 1983 the figure had grown to more than 20 million dollars, and is likely to be, according to Hale's estimate, in the 40 million dollar bracket next year. "The only directive I had received from the US was to maximise sales, so my initial strategy was to establish a strong presence in the UK, as quickly as possible," he said. The list of agents now extends

continued on page 26

Hungarians come up with a real money-spinner

By Frank Brown

Hungary, birthplace of the Rubik's cube, may also become a major source of computer games. A major trade attraction at the Leisure Electronics Trade (LET) Show at the Heathrow Penta Hotel was "Chinese Juggler", an entertaining test of quick thinking, which was a games software competition in Budapest organized by Hungarian television.

Chinese Juggler is based on the exacting oriental art of spinning plates on the ends of poles so that the poles don't fall down. The juggler, a colourful pig-tailed figure wearing a coolie hat, scuttles to and fro across the screen under the control of the player to keep some eight plates of different colours spinning.

Points are awarded to how long the player keeps all eight plates going, and each session gets progressively more difficult as the player gets more proficient. The whole game is carried out against a background of catchy oriental-type music likely to give most mums and dads distinct anti-computer complexes after a few hours.

The Hungarian competition was triggered by the computer games craze currently gripping western Europe. Hungarian TV decided to provide an opportunity for its audience to show their talents for devising such games, and thereby help stimulate a games industry in Hungary.

The viewers were invited to submit ideas for games, and those who sent in the best of the 1,800 entries received were lent a home computer to develop the software to put their ideas into practice. The resulting programmes were then judged for their skill - testing and entertainment values.

The winning entry could become just as successful as

Rubik's cube, claimed David Ward, managing director of Ocean Software, the Manchester-based electronics publishing company which has secured worldwide marketing rights for the new game.

"It has all the addictive qualities of the Cube, and is completely different from anything produced in the west, probably because the Hungarians have not been influenced by the arcade or video games that have dominated the games scene here," he said.

"Unlike the inventor of Rubik's Cube, however, the people who devised Chinese Juggler" will be paid royalties for their efforts".

Chinese Juggler was devised by Ivan Balazs, a 40-year-old mathematician, and Emese Rovni, a 28-year-old artist. The music was composed by Ivan's brother Oscar, 48, who is a professor of music in Budapest.

In this sense, the Hungarians are following the current trend in the development of computer games. The days of schoolboys making fortunes out of games they have devised on their machines at home are fast disappearing.

Most games today are developed by teams of specialists - programmers, artists and musicians - as was evident at the Heathrow Hotel.

The LET show was the launch pad for latest offerings from the industry - a plethora of cassettes offering colourful and noisy adventures in mythology, space and the macabre, against a background of mesmerising music. The effect was rather like dozens of different discs all going on in the same place at the same time.

But fortunately the increased professionalism in the games software industry has not led to any increase in the price.

The Smart Card looks for a bigger market

By Donker de Marillac

The recent decision of the EEC to plan for a European approach to telecommunications, rather than one dominated by individual countries, may have a hard political ride before acceptance. Its success, however, is now increasingly considered as essential in many European countries. They see it as not only bringing economies of scale to our hard-pressed telecommunications industries but cracking the ice that keeps other IT developments in the deep freeze.

A good example of such a hybrid, and brilliant, development is the Smart Card (Carte a Memoire) invented in France as long ago as 1974 and ever since then in search of a market that will give it the critical mass it needs to prosper. In short, it is in much the same straits as videotex.

The card is now widely known. It resembles a plastic credit card but instead of a magnetic band it has in one corner an embossed micro-circuit. This processor has a relatively large memory of several thousand bits of information. Like the magnetic band, its memory can be both recorded and read but, in addition, it can also process information.

This ability makes it a nearly fraud-proof alternative to cheques and credit cards; or as a means of direct payment on a telecommunications system like videotex or in shops, garages, hotels. It has many other applications and it is amusing to note the ways in which different countries have imposed their national sensibilities

on the Smart Card. The Americans use it as a check on entry to high security areas, the Japanese as an intelligent robot controller and the French as a sophisticated electronic money box (though an ingot under the bed still gives a feeling of old-fashioned security).

Some experiments have already shown that the Smart Card works in the hands of the ordinary citizen. Lyons, Caen and Blois 125,000 cards are being dealt out to clients of 600 shops (200 special point-of-sale terminals per town). Each card is pre-recorded with a credit which is automatically reduced as the cardholder makes purchases. The buyer is discreetly informed by means of a screen how much credit is left in the card.

The French GIE (standing for Groupement Inter-Entreprise, a legally-constituted joint venture group), which is backing the smart card, now wants to see results. And this particular GIE is made up of such powerful partners as the big clearing banks, the postal giro and the telecommunications directorate. Earlier in January they were able to announce the choice of a card and the beginnings of a nationwide payments system using it.

But it will be at an international level that the Carte a Memoire must make its ultimate impact. This is why, in March, the French representatives on the International Standards Organisation will be pushing for the widespread acceptance of their AFNOR norm relating to the card.

Data communications the new growth area

By Roger Woolnough

The numbers may vary, but the forecasters are all falling into line on one thing. Data communications will be the next big growth area for microcomputers.

One report, released by Mackintosh International in conjunction with Enlon Associates of Cupertino, California, says that revenues from user fees in the data communications segment are projected to increase by an average 50 per cent a year to the end of this

decade. This is despite a drop in average revenues per user from 1030 US dollars in 1982 to less than 340 in 1990 in real terms.

Another market research company, Frost & Sullivan, says that the market for personal communications of microcomputer use during the next few years. But it will not be a licence to print money: some types of communications hardware and software will languish, while others show strong growth.

The Mackintosh/Enlon study believes that data communications will become one of the most important characteristics of microcomputer use during the next few years. But it will not be a licence to print money: some types of communications hardware and software will languish, while others show strong growth.

Frost & Sullivan sees the biggest share of the market going to equipment which allows personal computers to emulate 3270-type IBM terminals, with sales up from 76 million dollars last year to 336 million in 1983. This will represent 29 per cent of the total. Other major categories will be modems (23%), modem boards, and interfaces (15%), adaptors for local area networks (15%), communications interfaces (10%).

When it comes to expanding your computer, which will it be?

The choice is yours.

Choose a conventional on-line data processing system and you're almost certainly in for a rough ride.

Because in most cases expansion means complete replacement with a more powerful system.

Which usually means stopping, reprogramming and perhaps even a change of operating system.

All of which is as disruptive to your business as it is costly. Choose Tandem™ and it's plain sailing.

Because a Tandem system is designed to

handle virtually unlimited expansion.

As you grow, it grows. From 2 to 16 processors in one system all the way up to 255 systems in one integrated network. Each system capable of handling hundreds of transactions per second. It's simply a matter of plugging in and plugging on. Business as usual.

For a company with a big future that's a most attractive proposition.

Tandem Computers Ltd, 13-14, Buckingham Gate, London SW1.

Telephone: 01-841 7381.

TANDEM

The world's most reliable computer



Still time to win a micro in our competition

There is still time to enter our new competition, the National Microcomputer Challenge, which is open to all readers of *The Times*. Closing date for entries is March 2.

The aim of the competition is to find the best original use of a microcomputer for a socially useful purpose, such as a novel computer program or an innovative use of a computer peripheral. Ideas may involve any type of microcomputer.

The competition will be in two stages - regional and national.

All the entrants need to do at the first stage is to submit in no more than 1,000 words a proposal describing the project and its benefits and ensure that the entry is accompanied by 12 differently dated mastheads from the front of *The Times* - that is, the title at the top of Page One with the date below it.

Judging will take place in 10 regions and the winner in each region will receive a BBC Microcomputer Model B, provided by Acorn Computers. There will be a second prize of a

£50 W. H. Smith voucher and a £30 voucher for third prize.

The Department of Trade and Industry has agreed to host the ten judging sessions at its regional offices. Other judges will be nominated by the British Computer Society and Acorn Computers.

The second stage will be the national final in which the ten regional winners will be asked to demonstrate their ability to put their proposals into practice, making use of a microcomputer. It is emphasized that entrants

will not, for example, be expected to provide a complete professional program or working model, but only to give some evidence of the practicability of their original idea.

The national judging and prizegiving will take place on April 13 as part of the London Computer Festival and the results published in *Computer Horizons* on May 1.

You may enter as an individual or as a representative of a project group for a club, school, college or company. If you represent a group, you will be required to provide the name of the person responsible for the group. The prizes, therefore, may be won by an individual or on behalf of a group.

As a guide to those still seeking a purpose for their entries, there are many opportunities, for instance, for helping the handicapped.

10 BBCs to be won

REGIONAL WINNERS: Ten 1st prizes - BBC Microcomputer Model B. Ten 2nd prizes - £50 W. H. Smith voucher for computer goods. Ten 3rd prizes - £30 W. H. Smith voucher.

NATIONAL WINNERS: 1st prize - Full BBC Microcomputer System, including BBC Microcomputer Model B, Disc Storage System and either a 14in colour Video Monitor or a "Sparkjet" Printer. 2nd Prize - £100 W. H. Smith voucher for computer goods. 3rd prize - £50 W. H. Smith voucher.

Other subject areas are complete details of the competition and further entry forms may be obtained at W. H. Smith shops selling computers and software, or in writing from the competition address: The Times National Computer Challenge, 43 Bedford Row, London WC99.

National Microcomputer Challenge

All entries must be accompanied by 12 differently dated mastheads from the front of *The Times* and also by this form completed in full and signed where required. Entries must be despatched to arrive at the competition address below by FRIDAY, MARCH 2, 1984.

To: The Times National Microcomputer Challenge, 43 Bedford Row, London WC99

FULL NAME OF ENTRANT

Mr/Mrs/Ms

OCCUPATION

ADDRESS

TELEPHONE Daytime

Evening

Please complete this section if you are representing a club, school or other organized group, or will be helped by a sponsor in the preparation of your entry.

NAME OF ORGANIZATION

NAME OF SENIOR PERSON RESPONSIBLE (eg Club Chairman, Teacher, Director)

Mr/Mrs/Ms

ADDRESS OF ORGANIZATION (or person responsible)

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Evening

Declaration: I hereby agree to abide by the Rules of the Times Microcomputer Challenge. I declare that the material entered is original material devised by the entrant(s) and has not been published, displayed or demonstrated elsewhere. As such it will in no way violate any copyright existing before, on or after the competition date.

SIGNATURE OF ENTRANT

DATE

SIGNATURE OF OTHER PERSON RESPONSIBLE (as named above)

DATE

Please note: If the entrant is entering as an individual and is aged under 18 at time of signature, this form must be countersigned by a parent or guardian.

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So IS the computer an idiot?

● From John Maddison of Knowle House, Wood Road, Hindhead, Surrey:

The title of the article by Arnold Arnold ("Why the computer has to be an idiot", February 14) is eye-catching. But the notion that computers are "idiots" is anthropomorphism run riot. It is, according to Mr Arnold, "something that many have suspected for long". The gist of what he appears to mean was not only suspected but stated more circumstantially over a century and a half ago by Byron's daughter, Ada Augusta. In a now famous saying, she remarked, "The Analytical Engine has no pretensions whatever to originality anything. It can perform whatever we know how to order it to perform".

The extrapolation in the article of another notion - "operant conditioning" - to describe the education most people have received is demonstrably absurd. All of which is a pity. The problems raised by researches into artificial intelligence are serious ones. They deserve to be treated so.

● From B. A. H. of Northchurch, Berkhamsted, Herts:

Mr Arnold's article was interesting but dangerous. For if you cast your mind back about 40 years you will remember a government chief scientist asserting that man could not survive travel at speeds greater than that of sound. Fortunately for the rest of the world, the Americans were too stupid to listen and went and did it. In this country eminence is an obstacle to progress.

As early as in the second paragraph Mr. Arnold says that if a computer cannot be shown to be able to learn "a number of conceptions and misconceptions must be thrown out of the window." But this, of course, begs the question. It is a bit like saying that because a submarine can't fly then flying is impossible for were one to make a conscious effort to make a thinking computer it would look very different from those being made today and I feel sure it could eventually challenge man's intelligence.

In his fourth paragraph from the end he says that "Even then a computer can't come to a

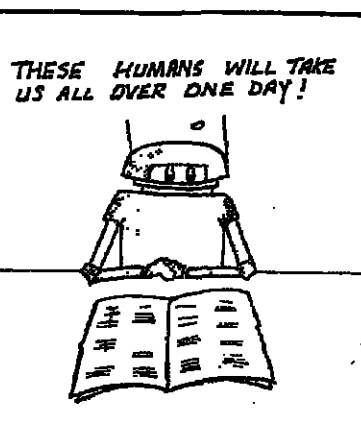
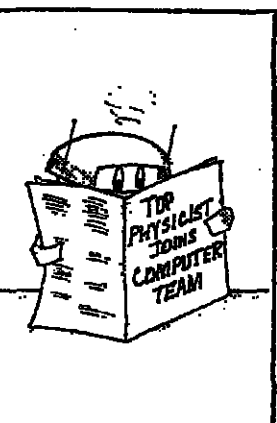
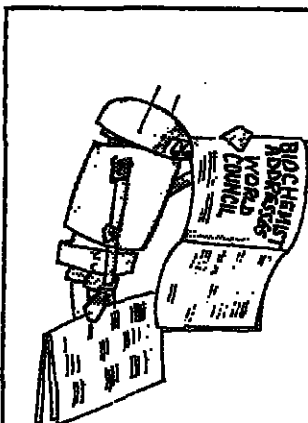
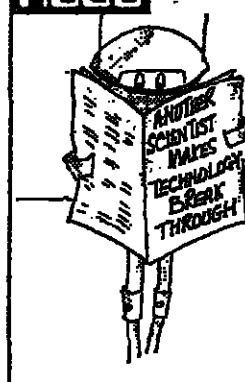
single evaluative decision." Of course not. It hasn't been designed to do so. But isn't it at all difficult to make such a design and this is the very crux of a thinking device. Without it one has an aircraft without an engine.

Mr. Arnold is likely to be proved right, however. Any theory of the mind has a large subjective element and I fear that the experts' views of their own minds will prove an insuperable obstacle.

● From Neil Calkin of Trinity College, Cambridge:

It is such a shame to see first the Guardian, and now the Times, lending their weight to the views of Mr Arnold Arnold; last month his "proof" of Fermat's Last Theorem was revealed by the Guardian; today in *Computer Horizons* he "proves" that computers cannot learn; unfortunately, unless he is relying on the concept of a soul, his proof can equally well be applied to all humans. To say we cannot yet design computers which will learn is not to say we will never be able to do so.

FREE



Peachtree's John Hale doubles his money

Continued from page 25

to Japan, Singapore, Hong Kong, Australia and New Zealand, in addition to countries in Europe and Scandinavia, and the Middle East.

Product strategies were equally carefully mapped out, with Hale and MSA (Peachtree's parent company) vice president Michael Hunt having to decide

between converting the US packages, developing British ones in-house, or acquiring existing products from other companies.

They opted for a combination of all three, and Hale believes that milestones were the introduction of the COM-PACCT Accounting suite (now Peachtree Business Manage-

ment System) from CSA Microsystems, which provided an entry to the Cobol marketplace; the more recent acquisition of the Vlasak accounting software written in Pascal for the Apple; and contracts with two German software houses, AFS GmbH and PC-Plus GmbH, for IBM Personal Computer packages.

In this instance, Peachtree bought the sole marketing rights to the German system, then licensed the developers to sell them as Peachtree agents.

Hale predicts that 1984 will be a critical year for application software suppliers, with users demanding multi-user, multi-tasking packages, probably to run under the Unix portable

operating system. Logitech converted PBMS to run under Unix sometime ago, and Peachtree is likely to add database management facilities to all of its products.

Although wary of pre-announcing future plans, he said that the new generation will include software tools to adapt packages for different types of usage and for specialist markets. Peachtree has already pledged support for Microsoft's MS-DOS operating system (at the same time hedging its bets with Digital Research's windows for the CP/M family), and has introduced digitised Speechware.

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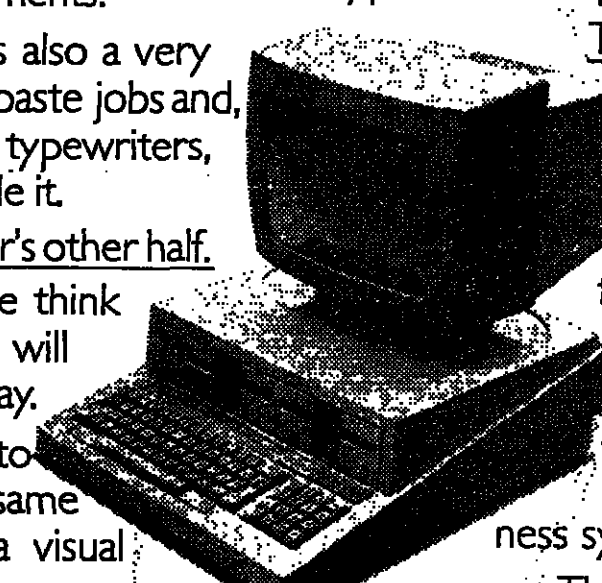
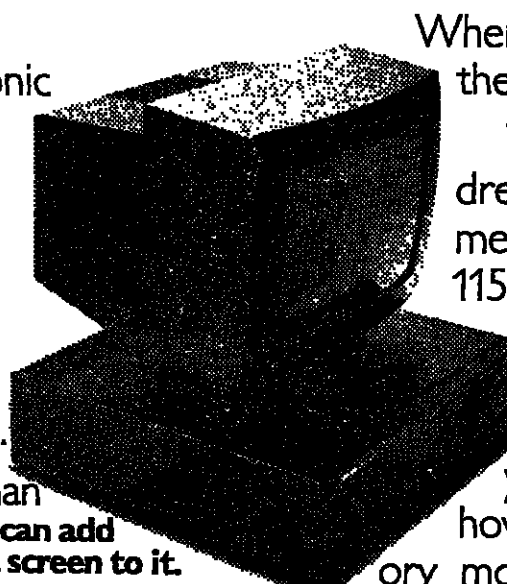
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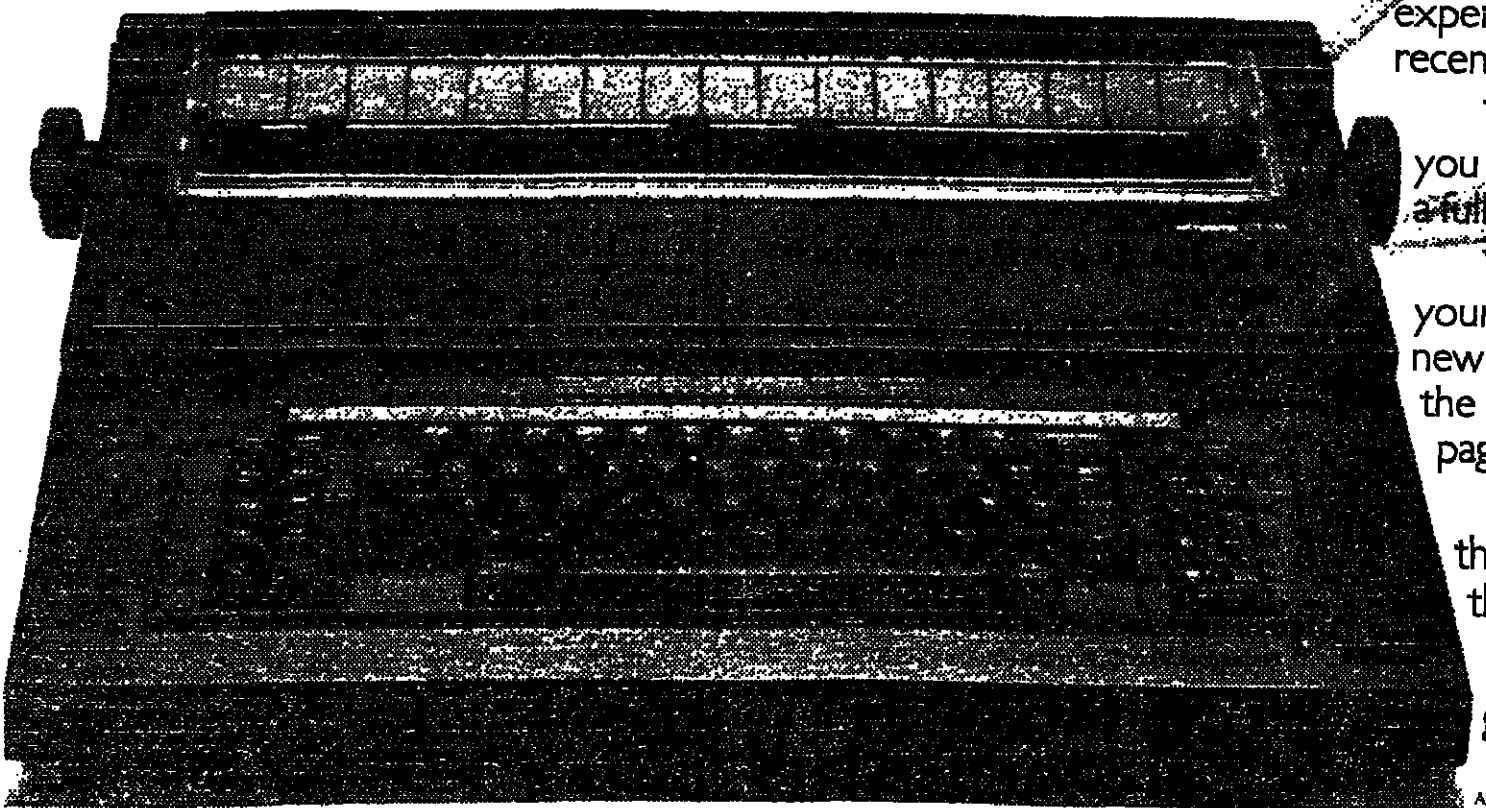
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olivetti

What's to become of the paper city?

There is a tendency to forget that the industrial revolution not only put in train a set of processes which changed how we worked, but also changed how and where we lived. The town, and the associated urban areas as the place of home for the majority, are the product of the industrial society; the seemingly never ending suburbs a product of this century, post world war one.

From the start of the industrial revolution, people moved to the urban society for one basic reason: that was where the work was and where income could be earned. The explosion in income that followed over the next two hundred years (for the British that is: everybody else came to it much later) the beginnings of what one can call the mechanisms of public hygiene, and the demand for muscle all played their part in the dramatic increases in population.

What has been just as remarkable, however, has been society's ability to house and feed the majority of that population, for these growth rates are unprecedented in the history of the species.

That population was to be housed in towns, and towns sprawled. Rising incomes and changes in technology started to transform the landscape yet again, in large part during this century. They made it possible for those so inclined to return to something resembling the country, and set up a complex chain of status differentials: much exploited by humourists and cartoonists.

The town or city was still largely the nexus, the home of mainstream economic activity,

the place of exchange. The ever increasing costs of city property, city congestion, mass television and the car have deeply affected the city. Hardly a month goes by, it seems, without a report urging the revitalisation of the town, whichever town it may be.

All but the dottiest recognise that the city is an economic entity, and that without such activity the city as we have previously understood it is doomed.

REX MALIK
continuing his series on the changes likely to result from the use of computers looks at the effect on our towns.

What is more, a viable city has a wide mix of economic activity. The history of civilization is littered with single economic activity towns: agricultural market towns, mining towns, and ports among them. Agricultural changes, exhausted mines, changing trade routes have led to the deaths of probably thousands of towns. In the case of the latter, of course they are often transformed into highly desirable residential communities. The coasts of Britain are littered with them, as are those of the Mediterranean.

If we are bound for an information economy, whatever that may be, and an information society, whatever that also may be, is the town, the urban area, also likely to change? Going by past historical

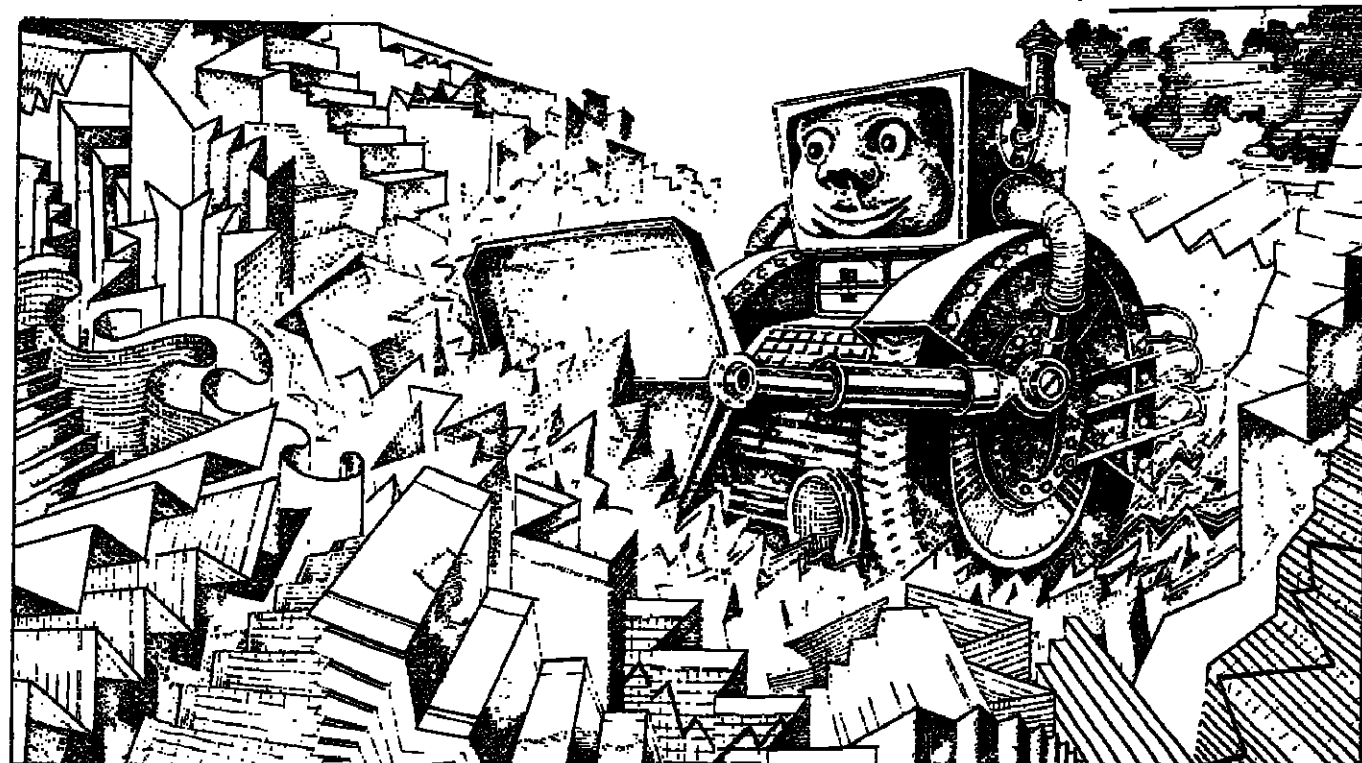
experience, one should expect that it would do so.

If it is to change, what is the minimum expectation? The town throughout history has been the place of exchange, the place where materials are transformed into goods of higher value and then sold, where ideas are exchanged, where deals of all kinds are struck. It has been people-based, requiring the physical presence of people and the exertion of muscle power.

The town of course has bred nonsense, much of it economic in nature. My favourite is that of the concept of the GNP, which as the late Oscar Morgenstern pointed out in "Does GNP Measure Growth and Welfare" in 1975...

... measures or rather expresses as positive also the malfunctions of the economic system or society. To wit: if we are stuck in one of the thousands of traffic jams, if airlines are stuck and cannot land on schedule, if fires break out, and other disasters occur that require repair, up goes the GNP. More gasoline is used, fares go up, overtime has to be paid and so on. It would be difficult in any other science to find a "measure" which tells simultaneously opposite stories of the functioning of a complex system in one single scalar number. If we merely improve the scheduling of the airplanes, and stagger the times of automobile traffic, and nothing else is changed - down goes the GNP. It goes up on the other hand if industry pollutes the air and we create other industries which remove the polluting substance.

I have quoted that passage at



length for a good reason. It can be argued that in a society so evolving that what the majority of the people do for the majority of the time spent in economic affairs is to use information, it is to effect change in something, and that the replacement of people by technology plays havoc with the ideas we use to think about the economy and its relationship to people.

This is so at the level of basic ideas about how we think of society and its performance, which has, of course, considerable influence on the great abstractions. But it is also so at

a mundane daily level of life.

It is very noticeable with that central citadel of the town, the city centre, more usually than not synonymous with its financial exchange functions. What the economic core of the town has evolved into is a paper shuffling place of exchange. The exchange may be of money; what is usually being exchanged is information.

What is more, that information has one interesting characteristic. The data on which it is based is usually precise: it either is or is not; it is not, in the technical sense, fuzzy.

What we are now removing from the city by computing and tele-communications is the necessity to use the town to exchange hard data, which we can now redefine as something that can be handled by machine. We are leaving it as a place for the massaging and transference of fuzzy data, people-to-people stuff even if machine assisted.

"Now is the winter..." "Did you hear the one about..." "My client, your Honour, had a hard childhood."

"Would you buy a used car from that man..." "He has an honest face, so lend it to him..."

But if hard data does not have to be in town any more, then those who previously serviced it do not have to be there either; the daily hard data shuffling employment which occupies much of the time of the majority of the daily commuters into the City of London for instance is done away with, the tasks that remain being largely transferred elsewhere.

Which does not mean to say that one reduces the need for fuzzy data handlers, another more highly skilled breed, who can be expected to increase.

What happens to the pubs?

The economic implications of this are considerable. Politically the economic powers in our society become powerful not simply because of their assets and turnover, but because they are substantial employers: in another dimension their power is political. But these are precisely the organisations which could make effective use of the technology reducing their employment. Can their power survive that?

I am not writing that commuting comes to an end. Far from it. But the patterns change as does the rationale. And this is bound to have impacts and effects on the commercial heart of towns. If the volumes of paper-shuffling commuters change substantially, then what happens to the infrastructure built up to support them: transport, the commercial property market - that supplier of paper shuffling factories - the office suppliers, the sandwich bars, the pubs.

We are dealing here with something which is not simple: it is instead multidimensional and of great complexity, and not really foreseeable at least in result. About all that one can write with any certainty is that it is highly unlikely that we shall all like or approve of the change that is occurring.

Next week: Why interface is no longer just a technical term.

Colour's bursting out all over

Stand by for the screens of home computers and other low-cost systems to burst out in a riot of colour. At the end of this year Motorola, one of the leading microprocessor and memory manufacturers, will start supplying computer designers with a set of chips which allow them to introduce high-performance colour graphics of the kind so far available only on top-of-the-market personal computers and workstations.

The chips, known as the raster memory system, were revealed by Richard Flett, Motorola's market development manager for the personal computer segment, at the company's East Kilbride plant in Scotland last week. "We are going to be able to see a much more sophisticated level of graphics in the low end of the market," he said. "We feel that is the key to the future - people want more colour and better animation features."

By using the techniques of very large-scale integration (VLSI), Motorola has been able to squeeze some 60,000 transistors on to just two chips, known as the raster memory controller and the raster memory interface. These convert digital data into television signals to drive the display.

Computer graphics is the term for any form of presentation which uses visual effects rather than figures and letters. These effects can range from the graphs and pie-charts of business statistics, to the animated simulations of video games.

The Motorola chips will allow users to select up to 32 colours from a "palette" of 4096 shades. As well as providing more exciting graphics, the chips can be used to generate a wide range of characters for application in text displays, games, videotex and word processing.

Yet another powerful feature is called "virtual screen", with which the user can define a screen which is much larger than the visible screen. "You can move around," explained Richard Flett, "making it a very powerful tool for the programmer."

Virtual screen will allow scrolling, both horizontally and vertically, so that the display acts as a kind of window on a much larger amount of information than it can show at any one time. One version is called barrel scroll: when the display reaches the edge of the virtual screen, it will fold itself round to the other side. Alternatively, the user can select an edge mask, which is just like a border.

But the real achievement lies in the VLSI techniques which Motorola has used. These have drastically reduced the number of separate integrated circuits, and will hence cut the cost of complete systems. With one of today's high-end personal computer graphics systems, typically about 130 parts would be used, not including RAM. The new raster memory system will provide more capabilities and better performance using just 14 parts.

Roger Woolnough

US may be recruiting robot soldiers

By Alan Lewis

A new generation of computers able to understand speech is being planned by the US Defence Department. It is part of an ambitious \$400m programme to create an artificial intelligence system and computer technology.

This remarkable computer plan called "strategic computing" includes the development of unmanned armoured tanks for reconnaissance, an automated co-pilot that can understand a human voice, and an elaborate computer system to assist in strategic planning.

The US military forces already widely use computers in guided missiles, aviation, communication and munitions. But the new plans are to use computers for much broader purposes, for much broader operations. The spin-offs for both the business and domestic communities would be considerable.

Current US Army tanks require a four-soldier crew - a commander, a gunner, a driver and an ammunition loader. In battle, a loader must select the correct ammunition, load it and then inform the commander. The work is quick and strenuous. The soldier must be able to handle a 105-millimetre shell that weighs 45 pounds into the breach. The average loader can handle six rounds per minute.

The new plan being investigated suggests that a robot capable of seeing could eliminate the need for the loader and also increase the loading rate.

More important, according to Frank Verderame, assistant director for the Army's research programmes, the robot, if made lighter and smaller than the average soldier, could lead to the development of a faster and smaller tank. Some development is already under way.

Recently, the Army announced that it is designing a robot to load howitzers. By the 1990s, the Army wants a device that can load shells weighing more than 100 pounds into M-109 howitzers.

There is also a plan for a sentry robot which may represent the first step toward a dream of a fully-automated reconnaissance tank. An elementary robot would be laden with sensors to detect intrusion via seismic, infrared, audio, magnetic, or visual disturbances. The robot would at first be stationary and later by made mobile.

This is the only suggestion with which the Army took some issue. Verderame says the Army wants the robot demonstrated to be able to move. Although there are long-range goals, there are specific ideas how this technology should be put to use. In ten years, the plans are to have a robotic tank that could navigate 80 miles from one destination to another.

On a reconnaissance mission, it would be able to recognise roads, identify man-made and natural landmarks, devise strategies to avoid unanticipated obstacles, map the terrain, identify enemy targets, and interpret and transmit the information back to headquarters, all while moving at about 40 miles per hour.

The idea of an automated co-pilot would be a crucial helpmate to a combat pilot. The human pilot would be able to train the computer to respond in certain ways, and perform particular functions.

The computer would be knowledgeable about the aircraft and the environment, be able to distinguish between friendly and enemy forces, and be able to understand speech commands.

The development of expert systems would help train soldiers to handle and repair sophisticated equipment.

The technical manual for the tank totals 61,000 pages. An individual working inside the turret of an M1 tank cannot at present easily flip through the pages of the repair manual.

With the computer system, a person could use a transmitter, floppy disk, and a computer that can understand verbal commands to fix the tank more efficiently.

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HP 150 at a Glance. User Memory: 256K-640K bytes. Operating System: MS-DOS 2.1. Microprocessor: 16-bit Intel 8088, 8MHz. Permanent Memory: (ROM) 160K bytes. Diagnostics: Power on self-testing. Display Screen: Touch activated, green phosphor, 80 characters x 27 lines, 9 x 14 character matrix. Upper and lower case. Simultaneous text and graphics capability. 390 x 512h graphics resolution 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 64 cord attaches to system unit. 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 21 sq. ft. desk space. Communications: 2 RS-232 ports (Built-in HP-4B (EIA-485) (Built-in) IBM 3278 (SCLC, BSC), early 1984. Up to 19,200 bps per second DSR network link. Peripherals: Choice of printers (including optional internal printer), plotters, 3.5" floppy drives (364KB formatted), Winchester hard discs (5 and 15 Mbyte) "MS-DOS" is a trademark of Microsoft Corporation.

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ITELIS, a computerised legal database, is being set up by The Irish Times Limited in a joint venture with the European Law Centre Limited, which operates Europe's largest English-language Legal Information Service. It is intended that the Irish Computerised Legal Database will be available from mid-1984 and will be marketed through a new company, ITELIS LIMITED.

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- Previous experience:** General experience in the fields of work, but actual experience is less important than a desire to work for a demanding principal.
- Attributes:** Industry, commercial good sense, clear mind and pleasing personality.

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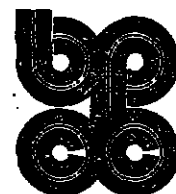
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also on page 35

Edited by Peter Lee

10.00 Edward Cowie: Peter Lawson (piano) plays Cowie's *Kelly Variations*; Messiaen's *Le Courrier cendrille* (*Catalogue d'Oiseau*); and Oliver Knussen's *Sony's Lullaby*.†

10.30 Book, Music and Lyrics: Another of Robert Gushman's programmes about stage musicals. Tonight: *Life Begins at 4.40*.†

11.15 News. Until 11.18.
VFR only - Open University:
6.35-6.55 Poetry: One Romanticism or Many. 11.20-11.40 *One Fiddling and Petronia*

Radio 2

4.00am **BW** Rennellist 5.30 Ray Moore
 7.30 Terry Wogan until 8.31 Racing
 Bulletin. 10.00 Jimmy Young 12.00pm
 Steve Jones until 1.05 Sport 2.00
 Gloria Hunniford until 2.02: 3.02 Sport.
 3.05 Music All Stars 4.00 David
 Hamilton until 4.02: 5.05 Sport. 5.00
 John Dunn until 5.02 Sport. 6.45 Sport
 and Classified Results (m only). 8.00
 The Golden Age of Hollywood: A history
 of the American movie (16). 9.00 David
 Gedge: The Waterfront and From
 Here to Eternity. The narrator is James
 Mason (7). 9.00 Night Owls with Dave
 Gelly. 9.55 Sports Desk. 10.00 When
 Howsweas Had the Choice? The last of
 the programmes from the
 Ecce Homo 7.00. 10.00 Ronan McBarry

Radio 1

8.00am Adrian Johns, 7.20 Mike Read.
9.00 Simon Bates, 11.20 Mike Smith.
11.45 12.30 Newcastle, 2.00 Steve Wright.
4.30 Peter Powell, 11.35 5.00 Newsbeat.
6.50 The British Rock and Pop Awards
with David Jensen and Sarah Kennedy;
direct from The Lyceum, London. Also
on BBC1, 7.40 Richard and Judy, 10.00
10.30 John Peel's Radio 1, 1 and 2.
2.40am With Radio 2, 10.00am With
Radio 1, 12.00am-4.00 With Radio 2.

WORLD SERVICE

6.00 Newsweek. 7.00 World News. 7.08
Financial News. 7.30 Closed Ringtones.
8.09 Reflections. 8.15 After Hours. 8.30
The Comedians. 9.00 World News. 9.08 Review
of the British Press. 9.15 The World Today. 9.30
Financial News. 9.40 Ringtones. 9.45 After
Hours. 10.00 Ringtones and Blues. 10.00 Discovery.
10.30 The Tone Poets. 11.00 World News.
11.08 News About Britain. 11.15 Letter from
London. 11.30 World News. 11.38
Financial News. 12.00 Ringtones. 12.05
of the World. 12.45 Sports Roundup. 1.00
World News. 1.08 Twenty-Four Hours. 1.30
Newsweek UK. 1.45 A Joy Good Show. 2.00
Financial News. 2.00 Ringtones. 2.05
Outlook. 4.00 World News. 4.09 Commentary.
4.15 Talking About Music. 4.45 The World
Today. 5.00 World News. 5.09 Mendenham. 6.00
World News. 6.09 Twenty-Four Hours. 6.15
Financial News. 6.15 Ringtones. 6.20
Outlook. 6.25 World News. 6.35

9.30 Musical Memories of Evelyn Baerhoff.
10.00 World News. 10.08 The World Tonight.
10.25 Scotland Next Week. 10.50 Financial
Review. 11.00 News. 11.05 Sports
Roundup. 11.00 World News. 11.05
Commentary. 11.15 After Hours 11.30
Mandarin. 12.00 World News. 12.05 News
About Britain. 12.15 Sports Review. 12.30 A
Jolly Good Show. 1.15 Outlook. 1.45 Report on
Reich. 2.00 World News. 2.09 Review of the
British Press. 2.15 The Bach Family. 2.30
Sherlock Holmes. 2.40 World News. 3.00 News
About Britain. 3.15 The World Tonight. 3.30
Discovery. 4.00 Newsdesk. 4.30 Waveguide.
5.45 The World Today.

All times in GMT

GRAMPIAN As London except
9.25am-9.30am First
Text. 12.30pm-1.00 That's Hollywood.
1.20-1.30 News. 2.30-3.00 Protectors.

8.00 North Tonight, 8.40 Crossroads.
 7.05 All Kinds of Country, 7.25-9.00
 Film: Very Funny Season, 9.30
 Timeless Land, 12.30am News.
 Closes down.

ANGLIA As London except:
 12.30pm Gardens for All.
 1.20-1.30 News, 2.30-3.00
 Hollywood, 6.00 About Anglia, 6.40
 Crossroads, 7.05 Byones Special
 7.35-9.00 Film: Very Missing Person
 12.25am Tuesday Topic, Closes down.

MULTISER As London except
 9.55am-9.30 Day Ahead.
 1.20pm-1.30 Lunchtime, 2.30 Paint
 Along with Nature, 3.00-3.30 Nature of
 Things, 5.15-5.45 Mr and Mrs, 6.00
 Good Evening Union, 6.30 Cartoon, 6.40
 Crossroads, 7.05 Emmerdale Farm.

CENTRAL As London except:
12.30pm-1.00pm Crown
Court. 1.30-1.30 News. 2.30 Miracles
Take Longer. 2.30 Agatha Christie Hour
3.30-4.00 Young Doctors. 5.15-5.45 Mr
and Mrs. 6.00 Crossroads. 6.25 News.
7.05 Emmerdale Farm. 7.35-9.00 Film:
Very Missing Person. 12.25am News.
Closedown.

WHAT THE SYMBOLS MEAN.
† Stereo. *Black and white. () Repeat.

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Leading tour operator requires staff in its House Party Hotels in these two islands from May-October 1984. There is a vacancy for efficient managers as well as for cooks, cleaners, waitressing instructors and odd jobs. You should be sociable, hard working and professional. To be an enthusiastic young team. It will be fun with opportunities for various watersports.

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10.00 Edward Cowse: Peter Lawson (piano) plays J. S. Bach's *Katy* (Messaie's *Le Courte comte* (Catalogue of Oiseau; and Krussner's *Sony's* *Liberty*).

10.30 Book, Music and Lyrics: Another of Robert Cushman's programs about stage musicals. Tonight: *Life Begins at 8.15*.

11.15 News: Until 11.18.

11.45 *WFR*: until - Open University: 6.00-6.55

11.55 *Postscript of Many*, 11.20-11.40

Fielding and Patronage.

Radio 2

4.00am Bill Pennells: 5.30 Ray Moore: 7.30 Terry Wogan until 8.31 Racing Bulletin. 10.00 Jimmy Young: 12.00pm *Postscript of Many*. 1.00pm John Humphries until 2.00. 3.00 Sport until 4.00. The *World* 4.00-4.40. *Meridian* until 4.40. 5.00-5.30 John Dwyer until 6.02 Sport. 6.45 Sport

and Classified Results (in only 8.50)
The Golden Age of Hollywood. A history of the American movie (18. 19.45 to 19.55)
Year on The Waterfront and From Here to Eternity. The narrator is James Earl Ray (19.55 to 20.05)
Days Gaily. 5.55 Sports Desk. 10.00 When Husbands Had the Choice? The last of the 1950s (20.05 to 20.15)
The Ecquips? 11.00 Brian Matthews presents **Round Midnight** (sistero after 11.00)
Cricket. 1.00pm Patrick Lunt presents **Nightside** 1.41. 1.02. 2.02 Cricket. 3.00 Big Band Special! Incl. 3.02 Cricket. 3.30-4.00 String Sound

Radio 1

5.00am Adrian Johns. 7.30 Mike Read. 9.00 Simon Bates. 11.00 Mike Smith. 12.00 The Radio 1 Breakfast Show. 1.00 Peter Powell. incl. 5.30 Newsbeat. 6.50 The British Rock and Pop Awards with David Jensen and Sarah Kennedy. Direct from the BBC in London. Also on BBC1. 7.40 Richard Skinner. 10.00 Radio 1 John Peel's VHF Radio 1 and 2. 11.00 Radio 1. 12.00am-4.00 With Radio 2.

WORLD SERVICE

6.00 Newsweek, 7.00 The News, 7.09
Twenty-Four Hours, 7.30 Classical Record
Review, 8.00 The World Today, 8.30
The World This Week, 8.45 The World
Reflections, 8.15 After Hours, 8.30 The
Connections, 9.00 World News, 9.09 Review of
the Week, 9.15 The World This Week, 9.30
Financial News, 9.45 Look Ahead, 9.45 Aale
Karnar's Rhythms and Blues, 10.00 Discovery,
10.00 The World This Week, 10.15 The World
This Week, 10.30 The World This Week, 10.45
The World This Week, 11.15 The World
This Week, 12.00 Radio Newsline, 12.15 Woman
World, 12.30 The World This Week, 12.45
World News, 1.00 Twenty-Four Hours, 1.30
Network UK, 1.45 A Joy Good Show, 2.00
The World This Week, 2.15 The World This
Week, 2.30 The World This Week, 2.45
Outlook, 4.00 World News, 4.09 Commentary,
4.15 Talking About Music, 4.45 The World
This Week, 4.55 The World This Week, 5.00
World News, 5.09 Twenty-Four Hours, 5.15
Letter From London, 5.25 Paperback Classics,
5.30 The World This Week, 5.45 The World
This Week, 6.00 World News, 6.09 The World
Today, 6.15 The World This Week, 6.30 The World
This Week, 6.45 The World This Week, 6.55
Roundup, 11.00 After Hours, 11.09
Commentary, 11.15 After Hours, 11.20
The World This Week, 11.30 The World
This Week, 11.45 The World This Week, 11.55
After Britain, 12.15 Radio Newsline, 12.30 A
Joy Good Show, 12.45 The World This Week,
12.50 The World This Week, 1.00 The World
This Week, 1.09 The World This Week, 1.15
Religion, 2.00 World News, 2.09 Review of the

English Press, 2.15 The Bush Family, 2.30
 2.40 News, 2.45 The World Today, 3.00 News
 About Britain, 3.15 The Sunday Times, 3.30
 Discovery, 4.00 Newsweek, 4.30 Wedgeville,
 4.45 The World Today, 5.00 News.

All times in GMT

GRANPIAN As London except:
 8.25am-9.30 First
 Thing, 12.00pm-1.00 The City That's Hollywood,
 1.30pm-2.00 The World Today, 2.15pm-2.30
 6.00 North Tonight, 6.40 Crossroads,
 7.05 All Kinds of Country, 7.28-9.00
 Film: Very Missing Person, 11.30
 Timeless Land, 12.50am News,
 Closesown.

ANGLIA As London except:
 12.00pm Gardens for All,
 1.20-1.30pm, 2.30-3.00 That's
 the Country, 6.00pm-6.40
 Crossroads, 7.05-9.00 Film: Very Missing Person,
 12.25am Tuesday Topic, Closesown.

WILTSHIRE As London except,
 8.25am-9.30 Day Ahead,
 1.20pm-1.30pm, 2.30-3.00 Point
 Along with News, 3.30-4.00 The Nature of
 Things, 5.15-5.45 Mr and Mrs, 6.00

CENTRAL As London except:
12.30pm-1.00pm Wrocs
Court. 1.50-1.30pm Mrs. 2.00 Wrocs
Court. 2.30-3.00pm Mrs. 3.30-4.00pm
Mrs. 4.30-5.00pm Young Doctors. 5.15-5.45 Mr
and Mrs. 6.00pm Crossroads. 6.25 Mrs.
W. 6.55pm Emmetdale Farm. 7.35-9.00pm
Viv's Missing Person. 12.25am
Closdown.

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1 Stereo. 2 Black and white. (r) Repeat.

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Leading tour operator requires staff to the House Party Hotels in these two islands from May-October 1984. There is a vacancy for efficient managers as well as for cooks, cleaners, waitressing instructors and odd jobs men. Must be energetic, hard working and prepared to join an enthusiastic young team. It will be fun with opportunities for various watersports.

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Bladen Lines
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to Box 12345, The Times.

Leaders come, leaders go, Gromyko goes on forever



February 1953: With Winston Churchill



February 1959: With Harold Macmillan and Khrushchev in Moscow

The phrase "veteran Foreign Minister" rolls automatically off the tongue, together with cliché adjectives such as "strategic" and "diplomatic". The fact is that at the age of 74 Mr Andrei Andreyevich Gromyko is the world's longest-serving Foreign Minister, has seen innumerable Secretaries of State come and go, and is the living embodiment of Soviet foreign policy.

He served under Stalin, Khrushchev, Brezhnev, Andropov, and now stands at the side of Mr Konstantin Chernenko, guiding him through the complexities of Russia's relations with the West, other communist states and the Third World.

Almost incredibly, Mr Gromyko (known to more irreverent western diplomats as "Grim Grom" because of his unsmiling approach to life) was Soviet Ambassador to Washington under Stalin at the age of 34, when Molotov was Foreign Minister.

He was of a generation which stepped into dead men's shoes after Stalin's purges. For two years from 1946, the beginning of the cold war, Mr Gromyko was the Soviet Union's first representative at the United Nations. He was with Stalin at the Tehran, Potsdam and Yalta summits. There were brief spells as Deputy Foreign Minister and Ambassador to London before the call came from the Foreign Ministry in Moscow.

He has been Foreign Minister since 1957. He is the survivor, still in the Politburo but not thought of as a leadership contender in the party, and hence was never a victim of factional fighting.

Under Andropov, whose initial grip on foreign policy slackened as his illness worsened, Mr Gromyko was the face the Soviet Union presented to the world. In April last year, belying his dour reputation, he gave a marathon press conference in Moscow on nuclear arms, a witty and sophisticated tour de force.

The swift deterioration in East-West relations last year put him on the defensive again. Bitter exchanges with Mr George Shultz, the United States Secretary of State, in September at the Madrid conference after the Korean airliner disaster, anger when he could not fly to the United Nations because America withdrew landing rights.

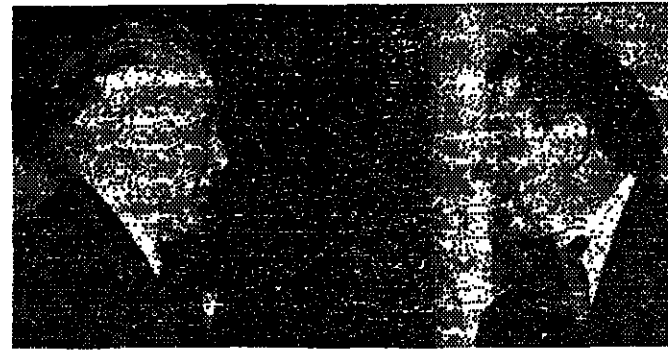
Stockholm marked a slight thaw, and he was friendly enough at the Andropov funeral, bending to greet Mrs Thatcher and Vice-President Bush, Sir Geoffrey Howe and Chancellor Kohl with what passes in him for warmth.

There are reports that he might become President in March, leaving the Foreign Ministry to make way for his deputy, but the chances are that Mr Chernenko will need him - indispensable and indestructible as ever.

Richard Owen



October 1961: With Sir Alec Douglas Home



March 1965: With Harold Wilson



October 1970: With Edward Heath



March 1976: With James Callaghan as Foreign Secretary

Brittan policy 'damaging parole board morale'

By Peter Evans, Home Affairs Correspondent

The Home Secretary's "grotesque posturing" will add to the growing control problem in top security prisons, the Association of Members of Boards of Visitors has said.

A fierce attack on the Home Secretary's tougher policy towards long-sentence prisoners was made yesterday by the Association of Members of Boards of Visitors.

Writing in the association's newsletter, Mr Michael Smith, the association chairman, said the new policy introduced by Mr Leon Brittan had damaged the morale and reputation of the Parole Board. It had also impugned the professionalism of its full-time officers and panels, and disregarded the expertise of those who had served for many years on the board's local review panels.

He claimed that Mr Brittan's measures would result in a breakdown of serious parole assessment and supervision for short-term prisoners.

Certain categories of life-sentence prisoners will now normally expect to serve at least 20 years in prison. "That Mr Brittan intends complete control of such arrangements is indicated by the abolition of the Home Office

and Parole Board joint committee that regularly reviewed life sentence prisoners."

Last night, Mr Douglas Hurd, Minister of State at the Home Office, said there had been a general welcome for Mr Brittan's announcement that he would use his own discretion as Home Secretary in deciding the minimum period which those sentenced to life imprisonment would actually serve.

Gemayel awaits his fate

Continued from page 1

ers of the Amal at dawn, then drove in a convoy to the port for embarkation.

The Palestinians, whom they have protected for the past 17 months, ran into the muddy streets of Sabra and Chatila to bid them farewell, many throwing flowers at the young Italian soldiers and some pleading with them to stay.

Unexpectedly, the Italians left 100 paratroops behind.

General Franco Angioni, the commander, described it as "an Italian expression to show that Italy does not forget Lebanon".

By mid-morning, an Amal officer, identifying himself as Muhammad Hammoud, was ensconced in the former Italian Command Headquarters, while Amal militiamen controlled the entrances to the Palestinian camps.

King of west Beirut, page 7
Sharon interview, page 12

Frank Johnson in Iowa

Taste of fame for the nice folks

In the first of an occasional series on the American presidential primaries FRANK JOHNSON reports from Iowa.

The European traveller to Des Moines, Iowa, tends to go via Chicago, Illinois, though admittedly through most of history, the European traveller has tended not to go to Des Moines, Iowa, at all.

Despite the town's French-sounding name, relations between Des Moines and Europe have been strictly formal, each being unaware of the other's existence. Relations between Des Moines, Iowa and Europe are probably closer, however, than between Des Moines and Chicago.

At the time of his setting out for Des Moines, Iowa, the present reporter was living in Paris, Europe. The Paris travel agents assumed that a name such as Des Moines denoted a town in Quebec, which probably showed them to be better informed than a travel agent in Chicago who would doubtless assume Des Moines to be a pop singer in Quebec.

But in February, every four years, Iowa becomes the first in the Union to vote on who should be the respective nominees of the Republican and Democratic parties for the Presidency.

The nuances of the electoral system began to impinge as soon as Chicago was reached.

The Chicago Tribune quoted United Press International about a radio station in Palo Alto county, Iowa, which country has voted for the winner in every presidential election since 1896, and which radio station, in order to ascertain the county's preferences this February, "starting at 7.30am that day" would arrange for "the names of the candidates to be read out over the air so that the voters could indicate their favourites by flushing their lavatories. The winners will be decided by measuring the water pressure drop."

Iowa, as a whole, will be deciding the winners by a less scientific method known as a caucus.

Chicago revealed itself as the usual forest of vast, up-ended transistor radios interspersed with other skyscrapers, ante-dating the Modern Movement. Sootie spires soaring up through rainy mist like the fantasies of a Schinkel and Caspar David Friedrich. Inspired by such gloomy

beauty, the citizenry, according to the local newspapers and air waves, gives itself over almost entirely to hold-ups, shootings, stabbings, and sundry rapine. But its life is not all fun. For there is also the Iowa caucus.

Chicago's organs of information make a token effort to interest Chicagoans in that less amusing subject. But the caucus is poor competition against 16-year-old Darryl James's shooting of 14-year-old Galina Boyd.

Judge R Eugene Pincham thought the offence was "hideous" because "there is a code on the street that you don't shoot people in the back", the visiting European drawing the implication that, had Darryl acted like a man and shot from the front, he might have got less than Judge Pincham's 30 years.

On a happier subject, Patrol Officer James Smith is quoted as saying after talks on racial tension between black and white. "It's the first time in history we've been able to sit down in harmony". On closer inspection, this was revealed to be a reference to talks on easing racial tension between black and white policemen.

Moving sideways along Chicago's walls the European flees towards the architecturally less distinguished, but actually less risky Des Moines.

There, the population is entirely made up of nice folks. Iowa's most important live product apart from hogs, of which it is apparently the world capital.

The hotel rings with the squeals of hundreds of girls aged about 20. The President is due to arrive in it the next day. But the squeals are explained by the fact that the hotel has chosen this, of all times, to be a venue for the All Iowa seminar of students of "cosmetology" - this being the study, not of the cosmos, but of cosmetics and hair.

I hurry to the motivation class of Dr Lewis E. Losonoy who, the seminar literature explains, is a positive thinker. "Remember", Dr Losonoy counsels us, "two out of three people leave their stylists because of lack of empathy, not because of poor haircuts, statistics which are probably as good as any so far quoted in the Iowa caucus."

Report, page 6

THE TIMES INFORMATION SERVICE

Today's events

Royal engagements
The Queen holds an Investiture at Buckingham Palace, 11.
The Princess of Wales visits the Royal Marsden Hospital, Sutton, Surrey, 11.
The Duke of Edinburgh attends a luncheon given by Hamish Hamilton Limited, at Stationers' Hall, EC4, 12.35.
The Duke of Kent attends the "British Growers Look Ahead" National Conference and Exhibition, Harrogate, North Yorkshire, 12.30.

Princess Michael of Kent opens dialysis ward at the Hospital for Sick Children, Great Ormond Street, WC1, 2.45.

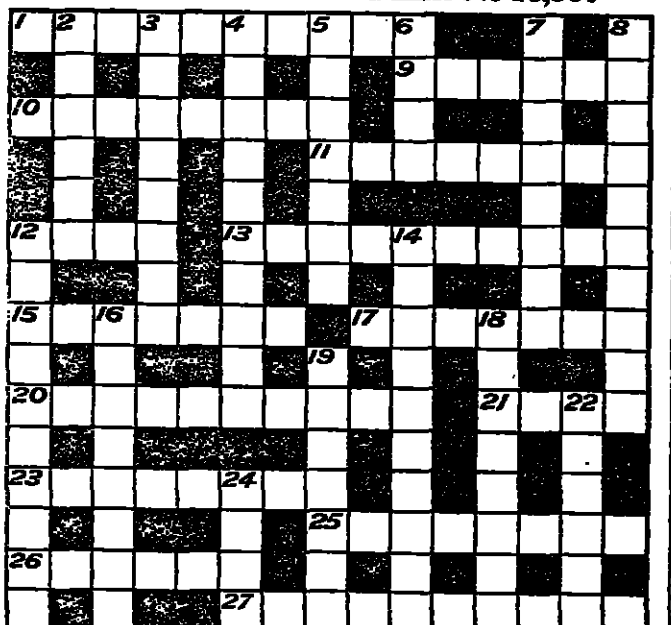
New exhibitions

Dan Klein Studio Glass exhibition, Brighton Museum, Church Street, Brighton; Tues to Sat 10 to 5.45, Sun 2 to 5 (closed Mon) ends May 20.
The Art of Etching, E. S. Lumsden 1883-1948, MacLaurin Art Gallery, Harrogate, North Yorkshire, Sat 11 to 5 (ends today).

Last chance to see

The Art of Etching, E. S. Lumsden 1883-1948, MacLaurin Art Gallery, Harrogate, North Yorkshire, Sat 11 to 5 (ends today).

The Times Crossword Puzzle No 16,360

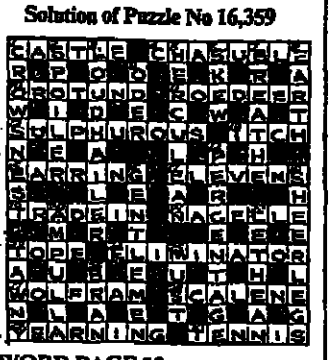


ACROSS

- Like monarch travelling without a case? (3,2,5).
- Burning a mark on horse (6).
- Misleads rich man about EEC members (8).
- Vacation ordered for emperor-to-be (8).
- Start preparing Wimbledon court for this player (4).
- Second part of Dostoevsky's book fitting the first? (10).
- A burden to forgo (7).
- Display outstanding quality in scheme (7).
- Refuge for those, after Reformation, in dreadful peril (6-4).
- As financially sound as gold? (4).
- Final address for house (8).
- Time limit for telephone fault (8).
- Mouth-watering mainly vegetable dish four tucks into (6).
- Paper asserts they speed things up (4-6).

DOWN

- Discomf of crowned head in retirement (6).
- Hero's heartfelt cry in the shrubbery? (8).
- Make sword safer for man in field (5,5).
- Cockney's description of Dobermann is faulty (7).
- Times leader to back US President (4).
- Base line situated in middle of oriental island (6).
- Controller reported back in former position (10).
- Tapestries arranged in barely finished display (5-5).
- Desire etc. the reverse of smart in USA (6-4).
- Man, perhaps, has just put on jersey (4,4).
- European vessel also turned up before five (8).
- Way Father upset Holy See? (7).
- Player who calls a club is such a batsman (6).
- Animal to attack, in a word (4).



CONCISE CROSSWORD PAGE 10

Music

Concert by the Athena Wind Ensemble with Ian Brown (piano), Turner Sims Concert Hall, Southampton University, Southampton, 8.
Organ recital by Andrew Shaw, St Ann's Church, Manchester, 12.45.
Concert by the London Philharmonic Orchestra, St David's Hall, Cardiff, 7.30.
Recital by Alison Beard (piano), Chichester Cathedral, 1.10 pm.
Talks, lectures
Life and writings of Hilare Belloc by Dom Philip Jebb, Library of the Catholic Chaplaincy, Rose Place, St Aldates, Oxford, 7.30.
Introductory talk on Leicester's acquisition of Georges de la Tour "The choirboy", by Christopher Wright, author of the recent monograph on the artist, the Leicester Museum and Art Gallery, New Walk, Leicester, 6.30.
"Tocqueville on the Spot", by Professor George Lehmann, Dean of Humanities, at the University of Buckingham, The Radcliffe Centre, Church St, Buckingham, 5.30.
Exhibitions in progress
Acrylics and Pastels by Wendy Williams, Hereford City Museum, Broad Street, Hereford; Tues to Fri 10 to 6, Thur 10 to 5, Sat 10 to 4, closed Sun and Mon (ends March 10).
Rembrandt to Seurat - drawings and prints exhibition, National Gallery of Scotland, The Mound, Edinburgh; Mon to Sat 10 to 5, Sun 2 to 5 (ends April 29).
"Action to Sport" by Simon Painter, Helios Pictures, 2 Salisbury Road, Moseley, Birmingham; Mon to Sat 9.30 to 6, closed Sun (ends March 7).

Parliament today

Commons (2.30): Proceedings on Tourism (Overseas Promotion Scotland) Bill.
Lords (2.30): Telecommunications Bill, committee, fifth day.

Coach ban

Coach operators are being warned that the transport of groups of more than 15 children, under 16 years, by coach will be banned on all French roads from 3 pm on Friday, July 27, to 3 pm on Saturday, August 3, and from 3 pm on Friday, August 3 to 3 pm on Saturday, August 4. The ban does not apply to normal scheduled or shuttle coach services on which the journey starts and its adjacent destinations. A similar ban was instituted by French authorities in July 1983 as a result of a motorway accident near Beaune on the same holiday weekend in 1982 when 53 people, mostly children were killed.

Fashion scholarship

Selfridges is to mark its 75th anniversary with a £9,000 two-year scholarship in fashion design at the Royal College of Art plus travel awards totalling £12,000.

TV top ten

National top ten television programmes in the week ending Feb 19:

- Coronation Street (Wed, Granada, 7.15pm)
- Coronation Street (Mon, Granada, 7.15pm)
- Name That Tune, Thames, 10.20pm
- Coronation Street (Fri, Granada, 7.15pm)
- A Fine Romance, LWT, 1.40pm
- Minder, LWT, 1.40pm
- The 6.30pm, ITV, 1.40pm
- When You Were Here, Thames, 1.15pm
- In Living Memory, Yorkshire, 1.40pm
- Autumn Harvest, Central, 1.40pm

Channel 4
1. 9 o'clock News, (Thurs, 10.55pm)
2. A Question of Sport, 10.55pm
3. Olympic Games, (Sun 15.30, 10.30pm)
4. Holiday, 10.55pm
5. The Living Planet, 10.10pm
6. The 6.30pm, 10.10pm
7. Top of the Pops, 9.70pm
8. The Les Dawson Show, 8.20pm
9. Coronation Street (Fri) 18.45, 9.25pm
10. News Business, 9.20pm
11. News and Sport (Sat 8), 9.20pm

Channel 5
1. Alan Smith and News, 5.00pm
2. Mr Smith's World of Flowers, 4.00pm
3. Murder at the Gallop, 4.20pm
4. News on the March, 3.55pm
5. Emergency World News, 3.55pm
6. Call My Bluff, 3.45pm
7. Pot Black 84, 3.20pm
8. Newsnight, 1.70pm
9. And Then There Were None, 1.55pm

Channel 6
1. Decade Drama/Carmel, 1.10pm
2. Phragin Hymn Gwyneth, BBC 54.00pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 7
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 8
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 9
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 10
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 11
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Channel 12
1. The Great Escape, 1.10pm
2. The Great Escape, 1.10pm
3. The Great Escape, 1.10pm
4. The Great Escape, 1.10pm
5. The Great Escape, 1.10pm
6. The Great Escape, 1.10pm

Roads

London and South-east: A259: Seabrook Road, Hythe, Kent closed, diversions. A34: London Road, Hook, Hampshire. A406: Single-lane traffic in each direction in west of Montague Road, off North Circular Road, Edmonton; severe congestion expected.

Midlands: A47: Temporary traffic signals south of Newbold on Stour, Warwickshire. A49: Single-lane traffic on Stretford-Ludlow Road at Marshbrook; traffic signals. A34: Roadworks south of Shipston on Stour at Tiddington, Warwickshire; delays.

Wales and West: A470: 24-hr temporary traffic signals on Bultho Wells-Brecon Road at Erwood. A470: 24-hr temporary signals on Merthyr Tydfil-Clifton Road at Plymouth Street, Merthyr Tydfil, also at Edwardsville. A377: Temporary lights on Exeter-Barnstaple Road at Bonhay Road, Exeter.

North: A54: Drainage work at various places between A49 and Winsford; traffic lights. A691/A692: Roadworks at Leasgate by A691. A689: Temporary lights at Cowshill Bridge, co Durham.

South-east: A75: Single-lane traffic with lights 24 hrs at Thruway Bridge, west of Castle Douglas, Kirkcubright. A75: One lane in each direction at Buccleuch Street Bridge, Dumfries; turning restrictions to/from Whitehead. A76: Single-lane traffic with temporary lights south of Selkirk, Selkirkshire.

Information supplied by the AA.

Anniversaries

Births: John Henry Newman, Cardinal, London, 1801; Leo Delibes, composer, Saint-Germain-du-Val, France, 1836; George Lansbury, leader of the Labour Party, 1913-34, near Halesworth, Suffolk; August von Wassermann, bacteriologist, Bamberg, Germany, 1866; Constantine Brancusi, sculptor, Hobart, Romania, 1876; Jethro Tull, agricultural writer and inventor, near Hungerford, Berkshire, 1711.

The papers

Zimbabwe's biggest daily newspaper, The Herald, has urged neighbouring black states to be cautious in talks with South Africa. Amid reports from diplomatic sources that Angola and Mozambique have agreed to rein in black nationalist guerrillas using their countries as springboards for attacks against South Africa, the state-owned Herald said talks should not be used to muzzle the liberation struggle. It added: "If these moves mean that South Africa has decided that talks are preferable to fighting then they should be encouraged." It warned: "However, it should be remembered that in the past Pretoria has displayed a remarkable capacity for cynicism and for engaging in talks that nowhere..."

Weather

A depression over South-east Ireland will drift very slowly south-eastwards across South Wales.

Gam to midnight

London, SE, central S, E, central N, NE, England, East Anglia, E Midlands: Windy showers, some heavy, also bright intervals; wind S, strong becoming SE moderate; max temp 2 to 4C (38 to 39F). W Midlands, N Wales, NW England: Showers or long bursts of rain, sleet or snow; wind SE fresh becoming variable light; max temp 1 to 3C (34 to 37F).

Channel Islands, SW England, S Wales: Squally showers or longer outbreaks of rain, sleet or snow, perhaps thunder; wind W to NW, strong to gale, locally storm force along coast; max temp 3 to 5C (37 to 41F). SE Scotland, Orkney, Shetland: Snow showers, some bright intervals; wind E or SE, strong to gale; max temp 2 to 3C (36 to 37F).

Outlook for tomorrow and Thursday: Cool with outbreaks of rain, sleet or snow, but also some brighter periods. SEA PASSAGES: S North Sea: Wind S strong to gale; sea very rough. Straits of Dover, English Channel (E): Wind gale or storm force; sea very rough. SW George's Channel: Wind SW veering NW gale to storm force; sea very rough. Irish Sea: Wind S veering NW gale or storm force; sea very rough.

Sun rises: 7.04 am Sun sets: 5.25 pm
Moon rises: 9.16 am Moon sets: 11.41 pm
Last quarter February 23.

Lighting-up time
London 5.55 pm to 6.22 am
Edinburgh 5.58 pm to 6.42 am
Manchester 6.00 pm to 6.45 am
Preston 6.19 pm to 6.51 am

Yesterday
Temperatures at midday yesterday: c, cloud; f, fair; fog; r, rain; s, sun; snow.
Belfast c 3.37 Glasgow c 3.37
Birmingham c 1.34 Inverness c 2.36
Bristol c 2.36 Jersey c 2.36
Cardiff c 2.36 Manchester c 1.37
Salford c 2.36 Southampton c 2.37
Glasgow c 1.37 Penzance c 2.37

Highest and lowest
Yesterday: Highest day temp: Glasgow 10C (50F); lowest day temp: Edinburgh 2C (36F).
Highest night temp: Newcastle 0.7C (33.3F); lowest night temp: London 0.0C.

London
Yesterday: Temp: max 6 am to 8 pm, 6C (43F); min 6 pm to 8 pm, 0C (32F). Humidity: 6 pm, 78 per cent. Rain: 2.9 in. 6 pm to 8 pm. Sea: 2.9 in. 6 pm to 8 pm. Bar: mean sea level, 6 pm, 1007.7 millibars falling, 1,000 millibars, -28.53 in.

Around Britain
Sun Rain c Max F C
Sun Rain c Max F C
Sun Rain c Max F C
Sun Rain c Max F C
Sun Rain c Max F C
Sun Rain c Max F C

Abroad
Algeria c 18.48 Casablanca c 20.28 Marrakech c 18.48 Rio de Janeiro c 20.28
Alexandria c 18.48 Dakar c 20.28 Madrid c 18.48 Rome c 20.28
Amman c 18.48 Delhi c 20.28 Moscow c 18.48 St Petersburg c 20.28
Athens c 18.48 Hong Kong c 20.28 Tokyo c 18.48 Washington c 20.28
Baghdad c 18.48 London c 20.28 New York c 18.48 Sydney c 20.28
Bangkok c 18.48 Manila c 20.28 Perth c 18.48 Wellington c 20.28
Beijing c 18.48 Mexico c 20.28 Port of Spain c 18.48 Zurich c 20.28
Bombay c 18.48 Ottawa c 20.28 Santiago c 18.48
Brussels c 18.48 Paris c 20.28 Sao Paulo c 18.48
Bucharest c 18.48 Prague c 20.28 Seoul c 18.48
Buenos Aires c 18.48 Reykjavik c 20.28 Singapore c 18.48
Cairo c 18.48 Stockholm c 20.28 Taipei c 18.48
Calcutta c 18.48 Tientsin c 20.28 Toronto c 18.48
Canton c 18.48 Valparaiso c 20.28 Vancouver c 18.48
Cebu c 18.48 Warsaw c 20.28 Yokohama c 18.48

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